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ABSTRACT

This report presents the findings from a three-year study of two San Diego demonstration projects designed to increase unsubsidized employment and reduce welfare dependency and costs. One involved a job search requirement, while the other combined that requirement with a short-term work obligation. Overall, compared to the few earlier studies on similar approaches, the results are favorable. The San Diego programs successfully implemented a short-term participation requirement for new applicants to welfare. For applicants to Aid to Families with Dependent Children (ADFC)--mainly female single parents who constitute a majority of the welfare caseload--both programs increased employment and proved cost-effective for both the applicants and taxpayers. The programs were particularly effective for individuals often ignored by employment and training programs: those whose characteristics define them as difficult to employ. For the AFDC-U applicants--primarily men from two-parent households--the results are mixed. Both programs substantially reduced welfare costs but did not increase employment significantly, with the result that taxpayers gained but the welfare applicants did not. These findings offer valuable evidence on the potential and limits of job search and work experience in increasing employment and reducing welfare dependency. Five appendices provide supplementary tables, information on related data collection studies, data sources, and a bibliography. (KH)

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CALIFORNIA

The Demonstration of State Work/Welfare Initiatives

Final Report On The San Diego Job Search And Work Experience Demonstration

Barbara Goldman
Daniel Friedlander
David Long

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FINAL REPORT ON THE SAN DIEGO
JOB SEARCH AND WORK EXPERIENCE DEMONSTRATION

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with

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Manpower Demonstration
Research Corporation

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Judith Gueron, in her role as a principal investigator of the multi-state demonstration, was responsible for the overall design and direction of the project. As principal investigator for the California study, Barbara Goldman had the lead role in all work in the state and in the writing of this report. Daniel Friedlander and Marjorie Erickson conducted the estimation of program impacts, and David Long was responsible for the benefit-cost analysis.

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The Authors

PREFACE

This is the third and final report published on the Employment Preparation Program (EPP) and the Experimental Work Experience Program (EWEP) in San Diego, California, as part of MDRC's multi-state Demonstration of State Work/Welfare Initiatives. States participating in this project -- in addition to California -- include Arizona, Arkansas, Florida, Illinois, Maine, Maryland, New Jersey, Texas, Virginia and West Virginia.

The Demonstration of State Work/Welfare Initiatives is a unique opportunity for MDRC to work closely with a number of states in evaluating their employment programs, while at the same time examining a subject that is of national as well as state concern: the critical relationship between work and dependency. Addressing state issues in a manner that benefits policy at many levels is a challenge that MDRC is privileged to be undertaking.

In order to understand this project, one must realize that this demonstration documents an important shift in program responsibility away from the federal government to the states. The studies evaluate the initiatives states themselves chose to implement under the provisions of the Omnibus Budget Reconciliation Act (OBRA) of 1981, in which they received authority for the first time to operate Community Work Experience Programs (CWEP) for recipients of Aid to Families with Dependent Children (AFDC) and to streamline the administration of their Work Incentive (WIN) systems. Because states responded to these options in different ways, the demonstration is not built around a single model. Rather, the initiatives represent some of the major variations being tried in this country and span a range of local economic conditions and AFDC program provisions.

Most states are receiving two reports over the course of the demonstration; California, with three, is the exception. The first covered early issues of implementation and participation. The second updated the implementation findings and presented interim program impacts and the results of a short-term benefit-cost study. In this third and last report, the final longer-term impact and benefit-cost results are discussed, with particular emphasis on the cost-effectiveness of the San Diego approach.

MDRC could not have conducted this demonstration without the support of The Ford Foundation, which provided funds for the planning stage and for the evaluation activities of the participating states, matching an equal investment of state or other local resources. This joint funding relationship is another significant aspect of the demonstration effort.

In the implementation and early analysis of the Demonstration of State Work/Welfare Initiatives, MDRC has been gratified by the sustained commitment of the participating states and foundations and their interest in the early findings. It is our hope that the results of this demonstration will contribute to informed decision-making and ultimately lead to the development and operation of more effective programs designed to increase the self-sufficiency of welfare recipients.

Barbara B. Blum
President

EXECUTIVE SUMMARY

This report presents the findings from a three-year study of two San Diego demonstration projects -- one involving a job search requirement, the other combining that requirement with a short-term work obligation. Overall, compared to the few earlier studies on similar approaches, the results are favorable. The San Diego programs successfully implemented a short-term participation requirement for new applicants to welfare. For applicants to Aid to Families with Dependent Children (ADFC) -- mainly female single parents who constitute a majority of the welfare caseload -- both programs increased employment and proved cost-effective for both the applicants and taxpayers. The programs were particularly effective for individuals often ignored by employment and training programs: those whose characteristics define them as difficult to employ.

For the AFDC-U applicants -- primarily men from two-parent households -- the results are mixed. Both programs substantially reduced welfare costs but did not increase employment significantly, with the result that taxpayers gained but the welfare applicants did not. A final judgment on the programs' effectiveness for this group depends on the relative weight given to these outcomes.

These results deserve attention because of their reliability. San Diego successfully implemented an unusually strong evaluation design, based on rigorously executed random assignment. As a result, the findings offer valuable evidence on the potential and limits of job search and work experience in increasing employment and reducing welfare dependency.

Background

Since 1982, San Diego has operated two innovative employment initiatives designed to increase unsubsidized employment and reduce welfare dependency and costs. The two programs drew on past experience in California, as well as on the opportunities offered by the federal Omnibus Budget Reconciliation Act of 1981 (OBRA), that gave states and localities more flexibility to design and manage welfare employment programs.

Participation in San Diego's two program models, which were implemented by the State Employment Development Department (EDD) and the County of San Diego Department of Social Services (DSS), began at the point of welfare application. The main features of each were:

> Job Search. One-day placement assistance provided at the welfare office preceded registration with the Employment Preparation Program. EPP was a three-week job search workshop offering one week of orientation and training and two weeks of self-directed job-search in a group setting in order to improve participants' job seeking methods.
>
> Job Search/Work Experience. Following the job search workshop, those still unemployed and on welfare were required to participate in the Experimental Work Experience Program (EWEP), involving an unpaid position in a public or private nonprofit agency for up to 13 weeks. Monthly work hours were determined by the family's welfare grant divided by the minimum wage.

The job search workshops were similar to other job clubs implemented in California and elsewhere by the Work Incentive (WIN) Program, the federal/state employment and training program for welfare recipients. The work experience followed the federal OBRA option in that work hours were determined by the family's welfare grant, and the work positions were intended to enhance participants' employability and skills. However, the

San Diego approach restricted the work obligation to those on welfare who completed job search without employment and further limited its duration (13 weeks) and its weekly work requirement (32 hours).

Both programs were required for all new WIN-mandatory applicants to the AFDC program -- both heads of two-parent (AFDC-U) households and, in most cases, heads of single-parent (AFDC) households in which the youngest child was age six or over. Failure to participate without good cause could lead to denial of the welfare application or to a temporary loss of benefits (i.e., sanctioning). Since the programs sought to impose a general participation and work requirement on all able-bodied welfare applicants, eligibility criteria were explicitly broad, and only a few groups (e.g., union members or those with language difficulties) were excluded from participation.

The Study Design and Sample

This report is the last of three in the overall evaluation of the San Diego initiatives. A first report indicated that the two approaches were successfully implemented and that the reactions of participants were positive. A second report assessed operational performance and presented interim estimates of program impacts, as well as benefits and costs through December 1983. This final report presents impact estimates for the full sample for up to two years following welfare application, and a benefit-cost analysis covering a five-year time span. The major focus is on the following questions in the impact and benefit-cost studies:

Impact Study

- How effective was each program in increasing employment and earnings and reducing welfare receipt and payments?

- Did the addition of work experience (EWEP) to job search (EPP) have incremental effects on employment and welfare behavior?

- What was the pattern of the impacts: Were they consistent across time periods? Did they increase in size, or tend to decay over time?

- For whom did the programs work best? What were the results for those differing in prior employment experience, welfare dependency and other selected characteristics?

Benefit-Cost Study

- For each of the two programs, how did measurable benefits compare to the costs?

- What were the gains and losses to welfare applicants and taxpayers (i.e., everyone other than the applicants), and for society as a whole?

- What was the net budget impact of these programs? How were the benefits and costs distributed among the federal, state and local levels of government?

- For whom were the programs most cost-effective? For example, did those with limited or more extensive prior employment benefit most?

To obtain reliable estimates of program effects, an experimental design was used whereby eligible welfare applicants were randomly assigned to one of two experimental groups -- Job Search only or Job Search/EWEP -- or to a control group offered minimal WIN services. Random assignment took place at the point of welfare application between October 1982 and August 1983. Because the groups had comparable background characteristics, any statistically significant differences between them could be safely attributed to the programs' treatments. Data were obtained from computerized AFDC payment and Unemployment Insurance earnings and benefit records, as well as from program tracking, fiscal and administrative records.

The research sample contains 6,997 applicants, with almost equal proportions of AFDC and AFDC-U applicants. The AFDC sample was predominantly female and had a more limited work history and greater prior welfare dependency than the primarily male AFDC-U group. Because of these differences, as well as the different federal regulations for the two assistance categories -- both of which were expected to affect outcomes -- the AFDC's and the AFDC-U's were analyzed separately. It is also noteworthy that, since the San Diego programs were directed to new welfare applicants, not on-board recipients -- and were further restricted to applicants with school-age children -- the majority of the existing San Diego caseload was not covered by these programs. In addition, the San Diego welfare population studied was less disadvantaged than the welfare population nationally. The findings of this study may therefore not be representative of a welfare population with different background characteristics.

One other point should be emphasized. Since many believe that a participation requirement will deter individuals from completing their welfare applications, random assignment was conducted at the point of application, not welfare approval or program registration. Program impacts and benefit-cost findings are therefore expressed as averages per applicant for a large sample of people _including_ those who for various reasons did not participate (roughly half) or were not approved for welfare (about 15 percent). Thus, even relatively small changes per applicant imply changes for the overall caseload that have considerable policy significance.

Findings on Participation and Program Implementation

- San Diego succeeded in operating a short-term participation requirement for the vast majority of the program registrants. Participation rates were substantial, and by nine months after welfare application, all but a small proportion had left welfare, become employed, met the programs' requirements, or were deregistered from the programs.

Overall, about nine-tenths of those randomly assigned to the experimental programs registered with them; and over half these registrants took part in some program activity, primarily job search, within a nine-month follow-up period. Most of those eligible for work experience were referred to it, and most worked in an EWEP job. This means that about one-fifth of all applicants who entered the experimental sample at welfare application participated in the mandatory work experience. The overall participation rate met or exceeded the participation rates previously achieved in special tests of mandatory work experience.

However, the ultimate goal of the San Diego programs was to reduce the size of the welfare rolls, not to maximize program participation. Thus, any conclusion about operational success must consider not only how many applicants participated, but what happened to those who did not. Overall, after nine months, all but 9 percent of the AFDC's and 6 percent of the AFDC-U's who had initially registered with the programs had either fulfilled the requirements or were no longer subject to them: they had found jobs, were deregistered, or were no longer on welfare. Many of the small group who had not fulfilled the requirements had been excused for health or other reasons. In contrast, among control group registrants, 24 percent of the AFDC's and 17 percent of the AFDC-U's had not met the very limited requirements of WIN, become employed, or left welfare.

- To implement a participation requirement, staff were persistent in their review of registrants' activity and recommendation of sanctions.

Program staff granted few exemptions and deferrals and were careful to identify instances of non-cooperation with program requirements. While staff first encouraged participation, they sought sanctions for those who were noncompliant. The rates of requested sanctioning were considerably higher for participants in the two experimental programs (ranging from 4 to 8 percent) than for controls in the more limited WIN Program (1 percent or less).

- Work experience (EWEP) jobs were viewed as valuable and not "make-work," although they did not lead to substantial skills development. Participants generally believed the work requirement was fair and were judged to be as productive as regular workers.

Most of the work experience jobs were entry-level clerical, maintenance, parks and health positions. Convenient location was a primary factor in making assignments, with individual interest also important. In a survey of a subsample of worksite participants and their supervisors, participants were generally found to possess needed skills when they began their assignments; those who did not, acquired them during their EWEP experience. Supervisors found that EWEP participants were as productive as regular workers in the same entry-level wage range. The great majority of worksite participants surveyed expressed satisfaction with their jobs and also indicated that the requirement to work was fair.

Findings on Program Impacts

The impacts of the Job Search and the Job Search/EWEP programs were estimated by comparing the outcomes of applicants in each of the two experimental groups to the outcomes of the control group. The incremental impact of adding the EWEP work requirement to the Job Search workshops was determined by comparing the outcomes of the two experimental groups. Tests of statistical significance indicated how likely it was that measured differences resulted from the program interventions rather than by chance.

Most impacts were estimated for the full sample of welfare applicants. Two subsamples were also considered: (1) the early applicant group (who applied for welfare prior to April 1983), tracked for about two years, and (2) later applicants (who applied for welfare from April to August 1983), tracked for a year and one-half.

Impacts on AFDC Applicants

- The Job Search/EWEP sequence led to substantial increases in employment and earnings for the AFDC assistance category. These gains were sustained over time and were consistent for the early and later applicants.

As presented in Table 1, the Job Search/EWEP program had statistically significant impacts on the proportion of AFDC applicants employed (5.6 percentage points) and the amount of their earnings ($700 per experimental) over a five-quarter follow-up period. This earnings increase represents a 23 percent gain over the control group average earnings of $3,102. Further, these impacts were sustained over all quarters in the follow-up period and, except for a slight decline after quarter 3, remained fairly stable (see Figure 1).

A comparison of the early and later applicants indicates that the groups experienced similar employment and earnings increases. Moreover, the employment and earnings impacts for the early group persisted for two years (through quarter 8).

TABLE :

SAN DIEGO

AFDC APPLICANTS: SUMMARY OF PROGRAM IMPACTS FOR FULL SAMPLE

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Percent Employed During The Five Quarter Follow-Up[a]	61.0	55.4	+ 5.6***	60.5	55.4	+ 5.1**
Percent Employed During						
Quarter of Application	35.6	33.1	+ 2.5	32.9	33.1	- 0.2
Second Quarter	35.6	28.7	+ 6.9***	37.2	28.7	+ 8.5***
Third Quarter	40.2	32.3	+ 7.9***	36.8	32.3	+ 4.5**
Fourth Quarter	42.4	36.9	+ 5.5***	38.4	36.9	+ 1.5
Fifth Quarter	42.9	37.5	+ 5.4***	37.9	37.5	+ 0.4
Sixth Quarter	41.9	38.1	+ 3.8*	37.4	38.1	- 0.7
Average Total Earnings During The Five Quarter Follow-Up[a]	3801.75	3101.63	+ 700.12***	3352.95	3101.63	+251.32
Average Total Earnings During						
Quarter of Application	359.45	336.86	+ 22.59	367.66	336.86	+ 30.80
Second Quarter	509.51	368.87	+ 140.64***	486.60	368.87	+117.74***
Third Quarter	700.95	538.40	+ 162.56***	656.04	538.40	+117.64**
Fourth Quarter	809.58	692.52	+ 117.06**	668.89	692.52	- 23.63
Fifth Quarter	848.33	729.11	+ 119.23**	742.42	729.11	+ 13.31
Sixth Quarter	933.39	772.75	+ 160.64***	799.01	772.75	+ 26.26
Percent Who Ever Received Any AFDC Payment During The Six-Quarter Follow-Up	83.9	84.3	-0.4	85.2	84.3	+0.9
Percent Who Ever Received Any AFDC Payment During						
Quarter of Application	78.3	80.3	-2.0	79.6	80.3	-0.7
Second Quarter	64.2	67.6	-3.4*	66.2	67.6	-1.4
Third Quarter	51.6	56.2	-4.6**	52.2	56.2	-4.0*
Fourth Quarter	45.8	47.9	-2.0	45.5	47.9	-2.4
Fifth Quarter	39.5	41.1	-1.7	42.3	41.1	+1.1
Sixth Quarter	35.0	36.2	-1.2	36.2	36.2	+0.0
Average Total AFDC Payments Received During The Six Quarter Follow-Up	3409.32	3696.94	-287.62**	3494.05	3696.94	-202.90
Average Total AFDC Payments Received During						
Quarter of Application	733.60	752.03	- 18.43	727.63	752.03	-24.40
Second Quarter	695.38	765.07	- 69.69***	716.25	765.07	-48.82*
Third Quarter	581.94	653.34	- 71.39***	595.34	653.34	-58.00*
Fourth Quarter	512.91	579.50	- 66.59**	530.30	579.50	-49.20
Fifth Quarter	462.06	501.20	- 39.14	477.01	501.20	-24.20
Sixth Quarter	422.91	445.29	- 22.38	447.01	445.29	+ 1.72

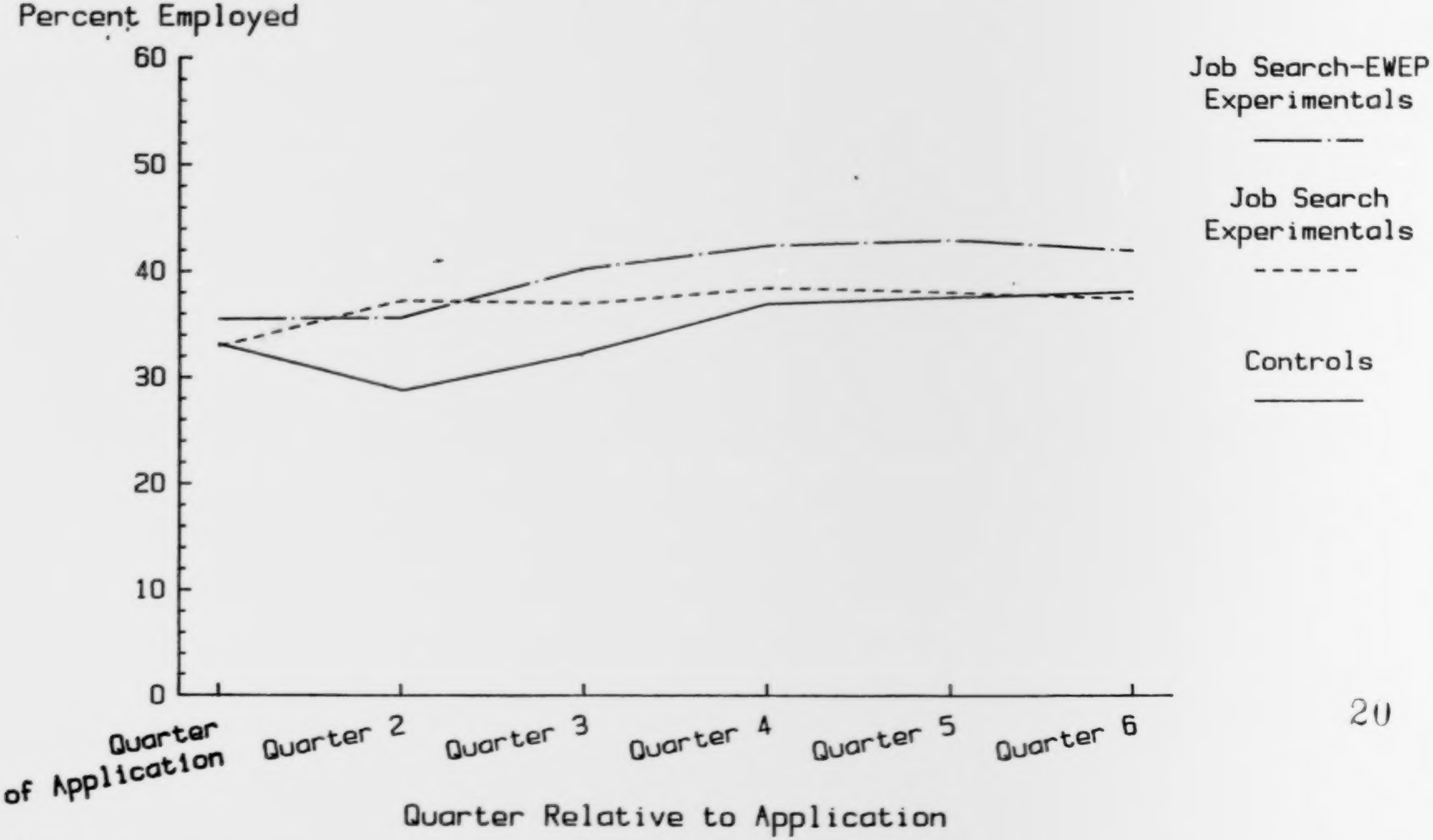
SOURCE: See Table 3.2.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as : * = 10 percent; ** = 5 percent; *** = 1 percent. All other differences are not statistically significant at the 10 percent level.

FIGURE 1
AFDC APPLICANTS: TRENDS IN QUARTERLY EMPLOYMENT RATES FOR THE FULL SAMPLE



SOURCE: See Table 3.2.

- The Job Search/EWEP program resulted in modest welfare savings for the AFDC group, but these decayed over time.

Welfare savings were modest but statistically significant for the Job Search/EWEP group: the total 18-month reduction in welfare benefits was $288 per experimental. The evidence indicates that the programs did not deter individuals from continuing with their welfare applications: similar proportions of both the Job Search/EWEP and control groups received welfare at some point during the 18-month period. Despite this, there were quarterly reductions in the proportions receiving welfare and reductions in welfare payments (see Table 1). These reductions were highest during the year after welfare application, and smaller thereafter.

The patterns of welfare impacts were similar for the early and later enrollees. An examination of the early sample showed continued small benefit reductions through quarter 8, although these reductions were not statistically significant.

- Overall, the Job Search program improved employment and, to a lesser extent, earnings for the AFDC group, but these impacts were not consistent. While the early applicants recorded substantial gains, the later applicants, surprisingly, experienced a loss in earnings.

As seen in Table 1, the Job Search program increased employment for the full sample by the same proportion as the Job Search/EWEP sequence -- 5 percentage points -- but the earnings gain of $251 was much smaller and not statistically significant. For both early and later applicants, Job Search produced its greatest employment gain in the quarter after welfare application.

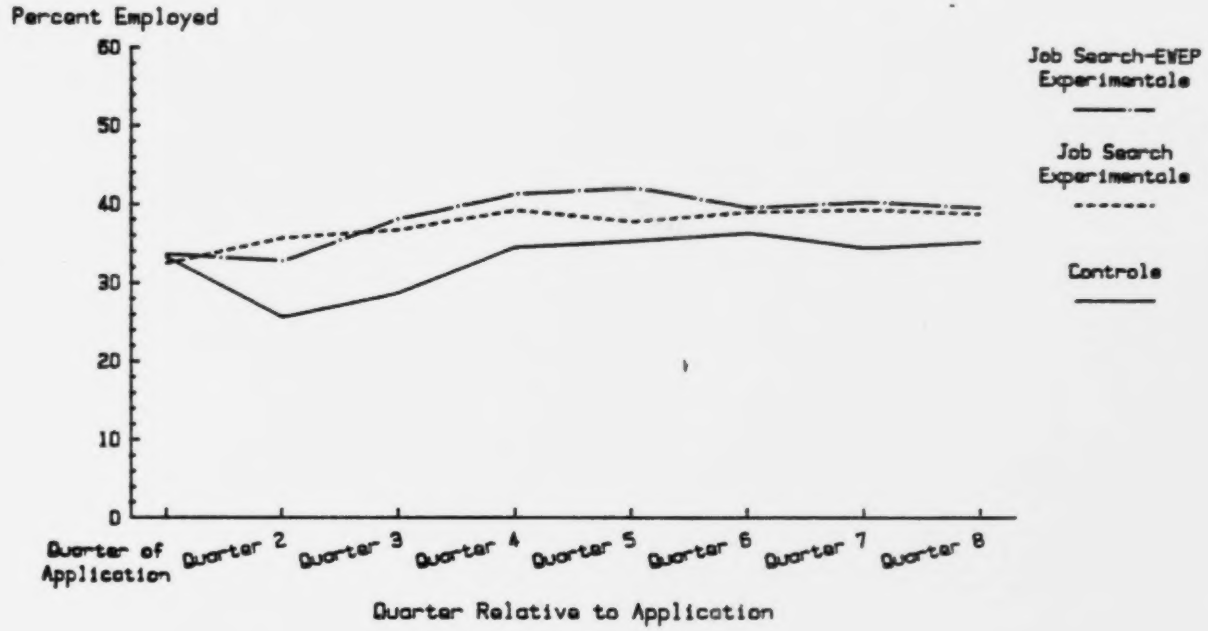
While the early sample experienced these gains throughout the follow-up, the later sample members did not (see Figure 2). For the early

FIGURE 2

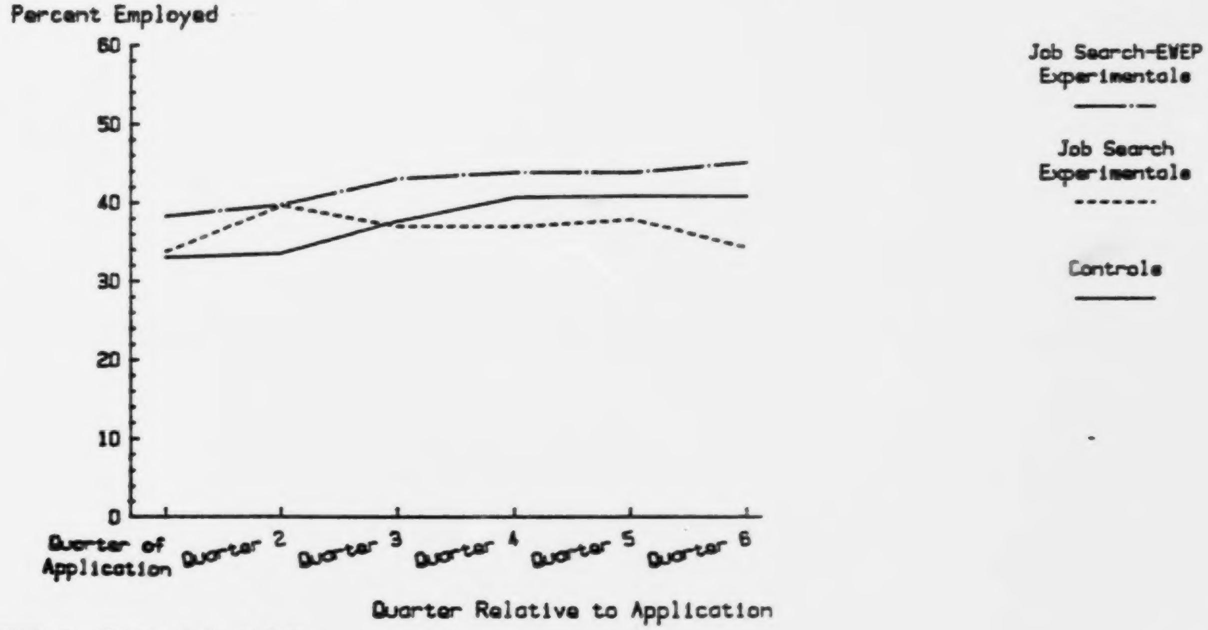
AFDC APPLICANTS:

TRENDS IN QUARTERLY EMPLOYMENT RATES, BY APPLICATION PERIOD

EARLY APPLICANTS



LATER APPLICANTS



SOURCE: See Tables 3.4 and 3.5.

applicants, over the five-quarter follow-up period, there was a 6 percentage point gain in employment and a $817 increase in earnings, both of which were statistically significant and similar to the short-term findings in the interim report. These gains continued through quarter 8. In contrast, the later enrollees' employment gain of 3 percentage points was not statistically significant, and this group took a large average loss in earnings of $670, an amount that is statistically significant. This deterioration in earnings for the later Job Search group came from their failure to retain jobs. Compared to controls, a higher proportion had lost jobs without finding new employment.

- The Job Search program produced modest welfare savings which were not sustained over time but were consistent for both samples.

As shown in Table 1, the reduction in welfare benefits for the full sample was $203 over the 18-month follow-up -- only slightly lower than the reduction achieved by the Job Search/EWEP program. Impacts were largest and statistically significant in the third quarter. Thereafter, these effects moderated so that, by the sixth quarter, there were no additional savings. Welfare savings were similar for both early and later enrollees, despite different employment impacts.

- These results lead to the strong conclusion that job search followed by a short-term work requirement is an effective program sequence for AFDC's. The effects of job search alone in San Diego, though positive, were less consistent. The effectiveness of EWEP beyond the workshops thus remains unclear.

For the full sample, the earnings gain from EWEP (above those of job search) was a statistically significant $449 over the five-quarter period. However, the additional EWEP earnings effect was not consistent for early and later applicants. No additional impacts occurred for the early enrollees, but a large earnings gain was found for later applicants, amounting to a statistically significant five-quarter earnings increase of $1,292. This finding was driven by the poor employment and earnings outcomes of the later Job Search experimentals compared to both the Job Search/EWEP and control groups (both of whom showed notable employment increases as the labor market recovered from an earlier recession). EWEP had no incremental effects on welfare receipt or the level of payments for the full sample or for either group of applicants.

There is no clear explanation for the differential behavior of the early and later Job Search groups. The report discusses a number of factors that may explain these findings, including changing labor market conditions (from a severe recession to a later, stronger economy), changing characteristics of applicants (related to this labor market shift), a change in program operating procedures (although none was obvious), or simply, random chance. A full explanation probably includes many factors.

- Analysis of selected subgroups confirms the findings from other studies that employment programs for welfare recipients have larger impacts on those who are more disadvantaged -- that is, those with no recent employment experience or with some prior welfare dependency.

Impacts on employment and earnings were concentrated among the most disadvantaged subset of applicants -- those in the sample who did not have earnings during the year prior to welfare application. The study shows that, on their own, controls with no recent employment earned considerably less and received more welfare than those who had been employed. For the Job Search/EWEP group with no recent work history, the average earnings increase over the five quarters was $1,066, three times the gain of experimentals with some recent employment. The pattern was substantially the same for the Job Search group, although the differences between those with and without a work history were generally not as large. Welfare savings were similar for the two groups.

Earnings and employment gains were also generally higher for those who had received some welfare prior to application than for those who had not. The story was mixed on welfare savings, but, in general, reductions in welfare payments were slightly greater for those with prior welfare dependency.

Impacts on AFDC-U Applicants

The results for the AFDC-U's are in marked contrast to the findings for the AFDC's: neither program significantly increased the employment or earnings of AFDC-U's, although both substantially reduced their welfare payments. Moreover, the addition of mandatory work experience to job search did not produce any incremental effects. It is also worth noting that the timing of the welfare application did not appear to substantially influence outcomes, as it did for the AFDC's.

- For both program models, there were statistically significant and substantial reductions in welfare payments, but no significant impacts on the employment and earnings of AFDC-U applicants.

Both programs produced small impacts on employment and earnings that were not statistically significant. Over the five-quarter follow-up period, earnings increased by $216 for Job Search/EWEP experimentals and by $384 for the Job Search only group, as shown in Table 2. In contrast, the 18-month welfare savings were substantial and statistically significant. During this period, the Job Search/EWEP sequence led to a reduction in

TABLE 2

SAN DIEGO

AFDC-U APPLICANTS: SUMMARY OF PROGRAM IMPACTS FOR FULL SAMPLE

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Percent Employed During The Five Quarter Follow-Up[a]	76.3	73.6	+ 2.7	74.0	73.6	+ 0.4
Percent Employed During						
Quarter of Application	50.2	48.6	+ 1.6	49.3	48.6	+ 0.7
Second Quarter	46.2	40.7	+ 5.5**	45.9	40.7	+ 5.2**
Third Quarter	50.6	48.6	+ 2.0	47.8	48.6	- 0.8
Fourth Quarter	53.3	53.7	- 0.4	52.4	53.7	- 1.3
Fifth Quarter	54.4	52.1	+ 2.3	54.3	52.1	+ 2.1
Sixth Quarter	53.2	55.3	- 2.2	53.8	55.3	- 1.5
Average Total Earnings During The Five Quarter Follow-Up[a]	7360.54	7144.88	+ 215.67	7528.56	7144.88	+383.68
Average Total Earnings During						
Quarter of Application	762.97	747.48	+ 15.49	816.96	747.48	+ 69.48
Second Quarter	948.62	824.27	+ 124.35*	973.72	824.27	+149.46**
Third Quarter	1293.95	1224.57	+ 69.38	1360.53	1224.57	+135.96
Fourth Quarter	1557.06	1600.65	- 43.59	1649.53	1600.65	+ 48.88
Fifth Quarter	1731.56	1673.32	+ 58.24	1708.08	1673.32	+ 34.76
Sixth Quarter	1829.37	1822.08	+ 7.29	1836.70	1822.08	+ 14.62
Percent Who Ever Received Any AFDC Payment During The Six Quarter Follow-Up	82.3	83.1	-0.7	79.5	83.1	-3.5*
Percent Who Ever Received Any AFDC Payment During						
Quarter of Application	75.8	77.3	-1.5	75.0	77.3	-2.4
Second Quarter	55.4	62.0	-6.6***	55.4	62.0	-6.6***
Third Quarter	42.7	50.1	-7.4***	43.2	50.1	-7.0***
Fourth Quarter	36.0	41.7	-5.7***	39.0	41.7	-2.7
Fifth Quarter	32.7	36.5	-3.8*	32.5	36.5	-4.0*
Sixth Quarter	30.2	33.1	-2.9	28.0	33.1	-5.1**
Average Total AFDC Payments Received During The Six Quarters Follow-Up	3123.70	3653.28	-529.58***	3183.60	3653.28	-469.68***
Average Total AFDC Payments Received During						
Quarter of Application	701.01	733.23	- 32.22	695.67	733.23	- 37.56
Second Quarter	618.96	739.24	-120.28***	634.00	739.24	-105.24***
Third Quarter	509.58	640.38	-130.80***	521.91	640.38	-118.47***
Fourth Quarter	459.71	550.79	- 91.08***	500.34	550.79	- 50.45
Fifth Quarter	428.96	519.11	- 90.15***	446.14	519.11	- 72.97**
Sixth Quarter	405.46	470.52	- 65.06**	385.54	470.52	- 84.98**

SOURCE: See Table 4.2.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent. All other differences are not statistically significant at the 10 percent level.

welfare payments of $530, about a 15 percent reduction in benefits. A slightly smaller reduction of $470 was found for the Job Search group. The impacts were roughly the same for the early and later groups of applicants.

There are several possible explanations for the large welfare savings with negligible employment gains. Sanctioning rates were higher for experimentals than controls, and those sanctioned faced larger grant reductions than did AFDC's. For AFDC-U's, even modest increases in employment -- given the program's eligibility rules -- could have triggered relatively large welfare savings. It is also possible that the initial employment impact (which later disappeared) led to longer-term welfare savings as AFDC-U applicants who subsequently lost jobs did not return immediately to the welfare rolls.

- Program impacts appeared to decay over time for the AFDC-U applicants.

Both program models produced statistically significant increases in employment and earnings during the quarter after application. These impacts then declined so that, by the last quarter of follow-up (quarter 6), there were negligible and not statistically significant earnings increases. The deterioration of these short-term gains was primarily due to the fact that controls quickly caught up to experimentals.

Welfare savings lasted longer. Reductions in welfare payments peaked in quarter 3 for both groups and, after a moderate decline, stabilized and remained statistically significant through the last follow-up quarter.

- In general, mandating EWEP for AFDC-U's did not improve program outcomes compared to those found for the Job Search program.

EWEP did not have any additional effects on most outcomes measured, although employment was slightly higher (about 2 percentage points) and earnings were slightly lower ($168) during the 18-month period. The EWEP add-on did cause a statistically significant growth in welfare receipt of almost 3 percentage points, but welfare payments also decreased by $60 over the full 18 months. There is no explanation for these contradictory trends.

- Examination of impacts on subgroups of AFDC-U applicants reveals larger reductions in welfare payments and greater increases in earnings among those with some prior welfare dependency as compared to those with no prior dependency.

The effects of both program models were greater for applicants with a history of welfare dependency. The earnings gains were more than five times higher and the welfare reductions four times as large. These findings suggest that both program treatments were more beneficial for the disadvantaged subgroups.

Findings from the Benefit-Cost Analysis

The benefit-cost analysis of the Job Search and Job Search/EWEP programs compares their operating and support costs to their effects on employment, dependence on welfare and other transfer programs, as well as use of alternative services, over a five-year period beginning with the random assignment of each applicant. The analysis considers these costs and effects from the standpoints of taxpayers, welfare applicants, and society as a whole. Because the data cover a follow-up period -- on average about two years -- that is shorter than the five-year time span, the overall results reflect a number of key assumptions about projected future program effects.

- There were consistent large net gains to taxpayers for both programs and for both the AFDC and AFDC-U applicant groups.

Both programs produced clear gains to taxpayers. As shown in Table 3, taxpayers' gains were greater from the Job Search/EWEP approach -- well over $1,000 per experimental for both the AFDC and AFDC-U groups -- than from Job Search alone. In part this reflects the value of the goods and services produced by those who worked in EWEP assignments, which was a benefit to taxpayers. About one-fifth of experimentals in the Job Search/EWEP sequence held these positions for periods of up to 13 weeks, and the estimated value of their work was $205 per AFDC experimental and $354 per AFDC-U experimental. For the AFDC group, however, the greater value to taxpayers of the Job Search/EWEP program over Job Search alone also reflects the larger effects of that sequence on employment (and hence taxes) and on welfare expenditures, as discussed above.

- The net budget impact of the programs was positive for all experimental groups. Continuing budget savings over the entire five-year period easily surpassed short-term costs.

All net benefits and net costs included in the taxpayer perspective, except the value of the EWEP output, directly affect government budgets. Thus, the overall net value of the Job Search program to taxpayers -- a net gain of $452 per AFDC applicant and $1,239 per AFDC-U applicant -- was approximately the same as its government budget effect. However, work experience output is subtracted from taxpayer results to obtain the net program effect on government budgets, as was the case in the Job Search/EWEP sequence. This still left a budget gain from the taxpayer perspective for both groups: $950 per AFDC experimental and $1,060 per AFDC-U experimental. For the AFDC's, increases in taxes (largely because

TABLE 3

SAN DIEGO

ESTIMATED BENEFITS AND COSTS PER EXPERIMENTAL OVER FIVE YEARS

Component of Analysis	Job Search - EWEP			Job Search		
	Accounting Perspective			Accounting Perspective		
	Social	Applicant	Taxpayer	Social	Applicant	Taxpayer
Benefits			AFDC SAMPLE			
Value of EWEP Output	$205	$0	$205	-$3	$0	-$3
Increased Earnings	2232	2232	0	1536	1536	0
Increased Tax Payments	0	-371	371	0	-235	235
Reduced AFDC Payments	0	-740	740	0	-453	453
Other Reduced Transfer Payments	0	-336	336	0	-226	226
Reduced Transfer Administrative Costs	82	0	82	51	0	51
Reduced Use of Training Programs	53	-4	57	46	-4	50
Costs						
EPP Operating Costs	-516	0	-516	-535	0	-535
EWEP Operating Costs	-89	0	-89	1	0	1
Allowances and Support Services	0	31	-31	0	26	-26
Client Out-of-Pocket Expenses	-15	-15	0	0	0	0
Net Present Value	$1952	$797	$1155	$1096	$644	$452
Benefits			AFDC-U SAMPLE			
Value of EWEP Output	$354	$0	$354	$5	$0	$5
Increased Earnings	151	151	0	433	433	0
Increased Tax Payments	0	-42	42	0	-89	89
Reduced AFDC Payments	0	-1351	1351	0	-1325	1325
Other Reduced Transfer Payments	0	-221	221	0	-246	246
Reduced Transfer Administrative Costs	118	0	118	117	0	117
Reduced Use of Training Programs	55	[a]	55	44	[a]	44
Costs						
EPP Operating Costs	-585	0	-585	-555	0	-555
EWEP Operating Costs	-106	0	-106	-1	0	-1
Allowances and Support Services	0	36	-36	0	31	-31
Client Out-of-Pocket Expenses	-16	-16	0	0	0	0
Net Present Value	-$29	-$1443	$1414	$43	-$1196	$1239

SOURCE: Tables 5.8 and 5.9.

NOTES: Benefits and costs reflect estimated experimental-control differences. See Chapter 5 for data sources and estimation procedures. Because of rounding, detail may not sum to totals.

[a] Estimated value of component less than $0.50.

of the gains in earnings) and reductions in AFDC welfare and other transfer payments were together greater than the costs of the programs. For AFDC-U's, reductions in transfer payments were the driving factor.

For the AFDC assistance group, the positive estimated budget impacts over five years differed from the short-term net budgetary costs reported in the interim report. For the AFDC-U's, the small short-term budgetary gain became much more substantial over the longer period. Indeed, it is important to recognize that the budgetary return on investments such as EPP Job Search and EWEP work experience occurs well after the initial expenditures are made. This is because program participation precedes the programs' employment impacts -- impacts that precede the effects of increased taxes and lower welfare receipt. Moreover, because of MediCal regulations, the programs' effect on MediCal benefits occurs only after individuals have been off the welfare rolls for several months.

- The positive budgetary impact of these programs was felt at all levels of government -- federal, state and local.

Most of the budget impact was felt at the federal and state levels of government. The bulk of the program operating costs was borne by the federal government, but it also experienced the greatest benefits. Reduced AFDC and MediCal payments, increased taxes and other budget gains resulted in a positive overall federal budget effect of between $430 and $636 per experimental, depending on the program and assistance category examined. The state shouldered a smaller part of the programs' costs but gained substantially as a result of AFDC and MediCal reductions, as well as tax increases. The overall budget gain to the state was between $3 and $553.

Interestingly, the programs had relatively little budget impact at the local level, the level at which the programs were operated. There, the net gains were only between $21 and $71. However, San Diego's county and city government agencies were the primary beneficiaries of the labor services provided by EWEP participants, although these services did not affect their budgets.

It should be noted that these budgetary effects reflect the funding arrangements and matching requirements present at the time of the demonstration. Changes in these budgetary parameters obviously would change the budget impacts. For example, had less federal funding been available to pay for program operating costs, and had California paid these costs out of state funds, the net effect on the state budget would have been negative. This suggests a rationale for federal involvement in the funding of social programs like these with broad budgetary implications.

- The net financial effect of the programs on welfare applicants was not as consistent as the effect on taxpayers. For the AFDC applicants assigned to Job Search/EWEP, there were clear gains, while the gains to those in Job Search varied by the time of welfare application. For AFDC-U's, there were large overall losses.

In contrast to the consistently positive benefit-cost findings from the perspective of taxpayers, some welfare applicants gained financially as a result of the programs, while others lost income. AFDC applicants assigned to Job Search/EWEP experienced large net gains; higher employment generated increases in earnings and fringe benefits of $2,232, reflecting both the period directly measured and projected future earnings. This gain was reduced by an increase in the taxes they paid (a gain to the taxpayers). Partly because of the program's effect on employment, the applicants' dependence on transfer programs was reduced. Average welfare payments to applicants in Job Search/EWEP decreased by $740 and MediCal and Food Stamp benefits also declined. Still, there was an overall net increase in income of about $800 per AFDC applicant in Job Search/EWEP.

Early applicants assigned to Job Search only -- those who applied for welfare before April 1983 -- had much the same experience as their counterparts assigned to Job Search/EWEP. However, later applicants in Job Search experienced a loss in income rather than a gain. This resulted largely from the poor employment performance of these applicants, as described in the impact analysis findings. Overall, therefore, applicants in Job Search had a lower earnings gain ($1,536) and a smaller net increase in income ($644) than those in Job Search/EWEP.

AFDC-U applicants were net losers, largely as a result of the programs' effects in reducing the benefits they received from MediCal and welfare. The net income shift was especially large for the Job Search/EWEP group. On average, these applicants lost over $1,300 in AFDC payments and over $200 in other transfers, while experiencing only a $151 gain in earnings and fringe benefits. As a result, AFDC-U applicants lost an estimated $1,443 over the five years covered by the analysis. The AFDC-U applicants in Job Search had a relatively better employment experience. That program generated a gain of $433 in earnings and fringe benefits, and resulted in a smaller overall income loss.

- The social benefits of serving AFDC experimentals were substantial and exceeded social costs for both programs. For the AFDC-U experimentals, benefits were approximately offset by costs.

By combining the effects on taxpayers and on welfare applicants, the overall impact of the programs on society as a whole can be identified. As shown in Table 3, both programs for the AFDC group produced a net social gain. Indeed, from the perspective of society, both programs for the AFDC group had more than paid for themselves before the end of the two-year observation period. When the projected benefits beyond this period are taken into account -- to cover a five-year period in all -- the total net present value to society of the Job Search and Job Search/ EWEP programs was $1,096 and $1,952 per experimental, respectively.

The overall results for the AFDC-U group were less positive than for the AFDC group. For the AFDC-U applicants, Job Search yielded a social net present value of only $43, while Job Search/EWEP produced a net social loss of $29. For this group, the long-term benefits of the programs -- those occurring after the two years of observation -- were estimated as close to zero. Thus, the overall results for the AFDC-U's differ somewhat from the interim findings, which indicated that short-term social benefits exceeded costs for the Job Search/EWEP program but not for the Job Search program. Using a five-year time horizon, both programs more or less came out even.

- The addition of mandatory work experience produced large net taxpayer and social gains for the AFDC group, but not for the AFDC-U group.

The combination of Job Search and EWEP produced almost $900 more in social value for the AFDC applicants than Job Search alone. However, this was almost entirely due to the relatively poor performance of applicants assigned to the Job Search program after March 1983; the social value of this program was just as high as the Job Search/EWEP program for early applicants. This suggests some inconsistency in EWEP's effectiveness, which, as previously noted, may be associated with varying economic conditions, differing applicant characteristics, or other factors, including random chance. The addition of EWEP for the AFDC-U group produced no net social or taxpayer gain.

- Job Search/EWEP, and to a lesser extent Job Search were much more cost-effective for AFDC applicants with no recent work experience.

The social net present value of providing Job Search/EWEP to AFDC applicants who had not worked in the past year was three times the value of that program run for those who had worked. The costs of the program for those who had not worked were slightly higher, but the net benefits were dramatically higher. Similarly, Job Search alone was more effective for this group.

- Net operating costs were modest, with the average cost of operating job search considerably more than that of operating the EWEP component.

The net operating costs of the Job Search and Job Search/EWEP programs -- that is, costs in excess of program expenditures on control group members -- were quite low. The cost of the Job Search program -- including the net costs of registration and assessment (over and above the costs for controls) -- came to between $516 and $585 per experimental (including both participants and nonparticipants), while the additional costs of EWEP were $89 and $106 per AFDC and AFDC-U experimental, respectively. These estimates include the costs of operating the job search workshops and EWEP, the costs of sanctioning applicants who did not comply with program requirements, and the costs of recordkeeping and administration, including administration at the state level. There were, in addition, costs of between $26 and $36 per experimental associated with allowances and support sevices provided to participants.

It is important to recognize that these benefit-cost results are subject to several sources of uncertainty in addition to those already discussed. First, it has been assumed that the higher employment rates of experimentals have not resulted in the displacement of other workers. Second, several intangible benefits and costs have not been measured, such as the benefits associated with society's preference for work over welfare. In addition, the social benefits or costs of welfare mothers spending more time working and less time caring for their children cannot be assigned dollar values. These limitations should be kept in mind in interpreting the results of this analysis.

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FINAL REPORT ON THE SAN DIEGO
JOB SEARCH AND WORK EXPERIENCE DEMONSTRATION

CHAPTER 1

INTRODUCTION

Since 1982, the County of San Diego in California has been operating a demonstration to test the effectiveness of two program strategies designed to increase the employment of welfare recipients and to reduce the costs of public assistance. One approach, the Employment Preparation Program (EPP), emphasizes job search, primarily conducted in workshops where welfare applicants are taught how to locate and obtain unsubsidized jobs. The second strategy combines EPP Job Search with the Experimental Work Experience Program (EWEP), an approach that requires welfare recipients to work in public or nonprofit agencies in exchange for their welfare benefits.

Participation in both program models is mandatory and sequential: that is, job search is required of all new WIN-mandatory applicants for Aid to Families with Dependent Children -- both single (AFDC) and two-parent (AFDC-U) households.[1] Individuals in the Job Search/EWEP model who fail to find regular jobs through the workshops are then assigned to EWEP work experience.

The Employment Preparation Program is a major California initiative. After the legislature authorized the program in 1980, California implemented it on a demonstration basis in three counties: Lake, San Mateo and Ventura. In 1982, the state expanded EPP under federal demonstration authority, and in the same year, passed legislation authorizing EWEP in San Diego.[2] The Manpower Demonstration Research Corporation (MDRC) was selected to evaluate both EPP Job Search and EWEP in San Diego.[3]

This report is the last of three on the multi-year San Diego evaluation and presents the final impact and the full benefit-cost study. The two previous reports, published in 1984 and 1985, examined the feasibility of the models and the levels of participation; the second also presented the programs' impacts and the benefits and costs through December 1983.[4] While this report draws some material from the second report, primarily to summarize the background and context of the two San Diego programs, it primarily updates the earlier impact findings using data from a longer follow-up of the full sample and extends the benefit-cost analysis beyond the available follow-up period for five years in all. Other important issues are whether adding EWEP after the workshops produced incremental effects on employment and welfare behavior and which subgroups benefited most from the program models. Impacts for the primarily female AFDC assistance category are analyzed separately from those for the mostly male AFDC-U group.

This chapter summarizes the salient features of the Job Search and the Job Search/EWEP variations in San Diego, the MDRC evaluation design, and the findings on program implementation, as discussed in previous reports.

A. Program Model

Historically, welfare policy has been a main issue in California politics.[5] Prior to the 1980s, California made several attempts to respond to the problem of growing welfare caseloads, reflecting the public's interest in requiring useful work from welfare recipients as a condition of welfare receipt. Between 1972 and 1975, a limited work experience program had required that "employable" recipients work in non-salaried jobs in return for their grants. The program, however, was controversial and had serious implementation problems; many counties either refused to operate it or delayed its implementation, primarily because there were no additional administrative funds, many legal challenges, and opposition from welfare rights groups and community organizations. Overall, in 1974, less than 3 percent of the potentially eligible registrants had participated.

After the election in 1974 and a subsequent change in administration, the legislature repealed the state's authority to test community work experience for the welfare population and substituted a new set of employment and training services. The focus was job clubs, with which both the state and the national Work Incentive (WIN) Program had had favorable experiences. Consequently, the Employment Development Department (EDD) and the Department of Social Services (DSS) developed a demonstration project called the Job Search Assistance Project (JSAP), which was to offer AFDC applicants both group and individual job search and some skills training. The first JSAP project was implemented in 1979, closely followed by a number of other similar projects including the federally-funded Employment Opportunity Pilot Project (EOPP), a test of job search followed by subsidized employment.

Toward the end of 1979, EDD was searching for a way to expand JSAP, and the California legislature again concentrated on welfare reform, initially turning to work experience. From these simultaneous interests came a bill seeking to categorize "employable" and "nonemployable" welfare recipients and calling for early intervention to prevent employable persons from becoming long-term recipients. The primary service was to be group job search, as used in JSAP, with the promise of training for those who did not find work through job search.[6] By the summer of 1980, JSAP had evolved into EPP which, as noted earlier, was approved by the California legislature that year.

The state legislature continued to reject statewide workfare proposals, emphasizing instead job search assistance, despite the passage of the 1981 Omnibus Budget Reconciliation Act (OBRA), which authorized states to run Community Work Experience Programs (or CWEP) for welfare recipients for the first time. Interest in work programs did not decline, however, and a different political context in the County of San Diego allowed a policy compromise: a test of EPP job search followed by community work experience for those who failed to find jobs through the group job search workshops.

The county's interest in work programs was based on several concerns. First, the AFDC-U and particularly the AFDC caseload had grown steadily over the last decade. The AFDC level in fiscal year 1981, for example, was nearly double that of the caseload in fiscal year 1971 (about 30,500 individuals versus 18,500), while the much smaller AFDC-U caseload was at 5,900 in 1981 compared to 2,400 in 1971.[7] The AFDC caseload had, however, stabilized at a high level in the 1980s. Second, the county had already experimented with workfare programs for recipients of other income transfer programs: General Relief, since the 1930s, and Food Stamps, beginning in 1979. Third, San Diego was more conservative politically than other areas of the state and also considered itself a leader on issues of welfare reform. In the 1980 election, the electorate had reacted positively to a referendum asking whether the county should "where legally possible, deny welfare benefits to able-bodied recipients who refuse to perform work in return for welfare benefits." In this context, further investigation of community work experience seemed appropriate.

In translating general public support into an operational work program, county officials specified two main objectives: developing the work skills of welfare recipients, and reducing the rolls and the costs of welfare. The San Diego program was thus structured as a sequential program of four stages. Following job placement assistance provided on the day of welfare application, people were referred to a three-week group job search program, in which they participated in workshops designed to build self-confidence and job-seeking skills. In the two weeks of self-directed job search that followed a week of orientation, applicants used phone banks to call prospective employers. Individuals who had not found employment by the end of the workshop were then referred to EWEP, or community work experience, in which they were required to hold positions in public or nonprofit agencies for up to 13 weeks. The maximum number of work hours could not exceed the amount of the grant divided by the federal minimum wage, with the further restriction that participants be allowed one day a week for individual job search.

The San Diego initiatives first gave priority to new WIN-mandatory applicants for the AFDC-U program, who are primarily male. The target population was later expanded to include applicants for AFDC, who are almost all female.

To fund the project, the county became part of the state's EPP demonstration of job search and obtained separate legislative authority to operate a community work experience program through a federal demonstration project. Administrative and operational responsibility for the EPP job search program was held by EDD staff, while County DSS staff administered and operated EWEP. With a clear mandate to curb welfare caseloads and costs by improving the unsubsidized employment of welfare recipients, the project began operations in August of 1982, with the workshops beginning immediately and EWEP operations starting up in November 1982.

The EPP Job Search/EWEP model has been continuing to evolve. On July 1, 1985, two local EPP offices built onto the demonstration evaluated in this report by putting into operation a program called the Saturation Work Initiative Model (SWIM). Operated as part of a federal demonstration project, SWIM involves recipients as well as applicants in an employment program with an ongoing participation requirement. Elsewhere in San Diego County, the EPP/EWEP model was maintained and was not associated with this federal demonstration. In September 1985, California passed legislation setting up the Greater Avenues for Independence, or GAIN Program, a comprehensive employment initiative for the welfare population that in its design drew in part on the San Diego experience. The legislation calls for GAIN to be fully implemented in all counties of California over the following five years.

B. Evaluation Design

MDRC's evaluation of San Diego's initiative was designed to answer questions raised by the state. It also reflected MDRC's interest in studying new welfare employment programs, particularly those with participation and work requirements, as part of its research in the Demonstration of State Work/Welfare Initiatives. This multi-state study seeks to assess the relative effectiveness of programs implemented across the country to improve the employment of welfare recipients and decrease welfare caseloads and costs.[8] The State of California provided funds to evaluate the EPP Job Search program, and MDRC drew on demonstration funds provided by The Ford Foundation to evaluate EWEP. Supplementary funding also came from the Congressional Research Service of the Library of Congress.

The research design includes three types of studies: process, impact and benefit-cost. Table 1.1 summarizes the questions, the methodology and data sources of each analysis.

1. The Process Analysis

The process analysis has two main parts. One describes the content and operations of the programs, also documenting and explaining the patterns of participation for the eligible caseload and different subgroups. An important issue was whether the mandatory EPP program could achieve rates of participation similar to those found in prior more voluntary job search programs. In examining EWEP participation, a main question was whether the experience was similar to previous CWEP programs, in which relatively few among a large eligible population ever received a job assignment. The behavior of nonparticipants was also taken into account in judging program accomplishments.

The second part of the process analysis examines the EWEP worksite experience through interviews with both participants and their supervisors. The issues studied include the types and quality of the jobs, the extent to which the skills and work habits of participants improved, participant attitudes about the fairness of the work-for-benefits approach, and other

TABLE 1.1

SAN DIEGO

DESIGN FOR THE EVALUATION OF THE SAN DIEGO DEMONSTRATION

Research Component And Questions	Methodology	Data Sources	Reports[a]
IMPACT ANALYSIS			
Does job search or job search/EWEP in San Diego result in an increase in employment and earnings or a reduction in welfare dependency and benefits? Do impacts vary for AFDC and AFDC-U applicants or for other subgroups?	Comparison of the employment and welfare outcomes over time for AFDC and AFDC-U applicants randomly assigned to one of the two experimental programs or to a control group eligible for regular WIN services	Uniform client characteristics collected at welfare application AFDC payment and Unemployment Insurance earnings files[b] for up to 24 months after random assignment Surveys of a sample of experimentals and controls 6 months after random assignment Program administrative records	First (Limited) Second/Third
PROCESS ANALYSIS			
Participant Flow Study			
What is the pattern of program participation and what factors explain observed differences?	Analysis of the pattern of program registration, assignment, and participation	Program administrative records, including status, outcome, and participation data obtained through the EPP Information System (EPPIS) and logs of EWEP activity	First/Second
Is participation mandatory and do participation rates vary for different subgroups of the AFDC and AFDC-U population?	Study of the interaction between participation patterns and program design, institutional arrangements, administrative practices, and overall conditions	Systematic observation, case file studies, interviews with program staff and participants	
What is the content and administrative structure of the demonstration programs?			
Worksite Study			
What is the quality of the EWEP worksites? Do they develop employability or provide social benefits?	Analysis of the characteristics of program worksites: do they develop job skills? do they provide useful goods and services? do they displace regular workers? do they provide psychological benefits?	Forty-nine surveys conducted with a random sample of participants at EWEP worksites in San Diego and their supervisors	First/Second
BENEFIT-COST ANALYSIS			
Does the job search or job search/EWEP program in San Diego lead to an increase or decrease in net costs (over and above WIN costs in serving controls)?	Estimation of the net operating costs (including administration costs and payments to institutions and to participants for work-related expenses) for experimentals compared to the control group	State and local expenditure data, data on support service payments, and studies of staff time allocation	Second/Third
Do net program benefits exceed or fall below program costs?	Estimation of the net value of the state initiative by comparing additional costs and benefits	Cost data, program administrative records, impact estimates, and value of output estimates from the EWEP worksite study	

NOTES: [a] The first report refers to the Preliminary Findings of the San Diego Demonstration published in February 1984; the second report refers to the Findings from the San Diego Job Search and Work Experience Demonstration published in March 1985; the third report refers to this report.

[b] These data are included in the EPP Information System.

questions pertinent to a mandatory work program for a welfare population.

2. The Impact Study

The full impact study addresses a number of questions about the effectiveness of the San Diego initiative including: Will either or both models have impacts on participants' employment and earnings, receipt of welfare and the size of the benefit check? Will the impacts vary across different subgroups: the AFDC versus the AFDC-U assistance category? The early program enrollees versus the later ones? People with recent employment experience versus those with a less current work history?

These and other issues are investigated by means of an experimental design in which random assignment determines the study groups. In San Diego, a broadly defined segment of AFDC and AFDC-U applicants were randomly assigned to one of several experimental groups that took part in the programs or to a control group, eligible for services from a WIN Program in which activities had been severely curtailed because of national funding cuts. Since random assignment should ensure that sample members are similar in all characteristics except the services they receive, any statistically significant differences in behavior should be due only to the different program treatments. (See Chapter 2.) The control group demonstrates what would have happened in the absence of the special programs evaluated in this report.

The two main experimental groups allowed separate assessment of the program models. To investigate the effectiveness of a mandatory job search requirement, members of one experimental group were required to participate only in job search. Members of the other experimental group, although also required to participate in the workshops, were assigned to EWEP positions if they were still unemployed after job search. Thus, this sequence tested a program model combining mandatory job search with short-term community work experience. Program impacts were estimated for both models by comparing welfare and employment outcomes of the experimentals and controls.

The research sample for this study was large. Between October 1982 and August 1983,[9] a total of 6,997 AFDC and AFDC-U applicants were randomly assigned to the experimental and control groups: 1,878 to the Job Search only group, 3,235 to the Job Search/EWEP group[10] and 1,884 to the control group. (In addition, 1,639 were assigned to an extra experimental group, one not part of the research sample because of its low priority for services.) The full sample and subgroups were tracked for between 15 and 18 months, while early sample members were followed for up to 24 months to identify longer-term effects.

3. The Benefit-Cost Analysis

The third part of the research design, a benefit-cost analysis, compares the net costs of operating EPP and EWEP (i.e, the costs over and above those of the WIN Program services offered to the control group) to the net benefits -- ones that result primarily from any increases in employment, reductions in welfare payments and the estimated value of the work performed by EWEP participants. Three perspectives -- that of society, the welfare applicants and "taxpayers" (and also the narrower government budget view) -- are used to examine questions of cost-effectiveness.

C. Lessons from the Previous Reports

1. Participation and Feasibility

As noted previously, prior reports focused on the operational feasibility and the implementation experience of the two models through the spring of 1984. Since enrollment into the demonstration ended in August 1983 and the treatments were relatively short, most of the research sample received services during this period.

The second report concluded that the two programs operated as planned, and that San Diego did enforce a job search participation and EWEP work requirement. The close cooperation of competent staffs in the two agencies responsible for the programs, as well as strong public and political support, helped make this possible.

Program operators had anticipated serving about half of all new applicants, and participation rates were close to this goal: 48 percent of the WIN-mandatory experimental applicants (or 57 percent of the EPP registrants) participated in some program activity, while less than 5 percent of the control group applicants took part in WIN services. Most of the activity was concentrated in the workshops, in which 55 percent of the EPP registrants participated.

Of those randomly assigned to the Job Search-EWEP sequence, almost all of the people eligible for EWEP (i.e., those approved for welfare who had not found jobs during the workshops) were referred, and the majority of those referred (61 percent) did work in a mandatory EWEP assignment. As a proportion of those initially registered for EPP Job Search, about 15 percent worked in an EWEP position. In general, this rate is comparable to or exceeds the levels previously found in special demonstrations of community work experience for this population.

Somewhat more of the AFDC-U's (60 percent) than AFDC's (55 percent) participated in the two program models, although there were no strong or consistent differences between the two groups. Additionally, the interim findings showed that the possibility of an EWEP assignment did not cause people to withdraw from the program or affect job search participation in other ways, probably because program staff did not discuss the pending work requirement until near the end of the workshop.

These participation rates, however, understate operational achievements. The ultimate goal of the San Diego program was to reduce the size of the welfare rolls, not to maximize program participation. Thus, any conclusion about operational success should consider not only how many participated in the program, but also how many left the welfare rolls before participating. Individuals may have left welfare for many reasons not associated with the program requirements as well as for related reasons; they may have found jobs on their own, or remarried; their family income may have changed. Those who remained on welfare could either have been sanctioned or legitimately excused from participation for such reasons as the birth of a child; some may simply have been lost in the administration of a large program.

A careful examination of the status of participants and nonparticipants nine months after welfare application suggests that in fact few registrants remained on welfare without having fulfilled program requirements. Of those eligible, only 9 percent of the AFDC and 6 percent of the AFDC-U groups were still registered with the program but were not served by staff at the nine-month mark, and many of these people had been officially deferred or exempted from the program requirements by San Diego staff.

Further evidence that San Diego attempted to run a large-scale program involving most of the eligible employable population is seen in the broad eligibility criteria and the program's philosophy that the labor market -- not the judgment of staff -- is the most appropriate way to screen job-ready workers. Thus, the program streamlined the WIN appraisal process and required that most eligible applicants register for job search. While many people never showed up initially for the workshop, staff were notably persistent in monitoring and following through with those assigned. In a random subsample of registrants going through the Job Search/EWEP sequence, three-quarters were identified at some point as being noncompliant with program requirements. However, most problems were resolved without imposing a sanction.

The prior reports also concluded that a large number of applicants received instruction in job search skills. Despite the mandatory nature of the program and some initial resistance, the registrants soon became caught up in group job search activities, which in past job search programs had been voluntary; less than one-fifth ever dropped out of these workshops. In a survey of a subsample of applicants, the majority of registrants who were aware of the job search requirement agreed it was "fair" and those who participated found that the workshops were helpful in building self-confidence and conveying interviewing skills.

San Diego also operationalized the mandatory work program without major difficulties. Very few of the implementation delays or obstacles that arose in earlier CWEP demonstrations were repeated in San Diego. Building on their experience in operating work programs for other income transfer recipients, staff readily developed a sufficient number of entry-level positions which -- while relatively low-skilled jobs -- were nevertheless found necessary to the day-to-day business of the sponsoring organizations.

These jobs, however, did not appear to improve the skills of participants. A survey of a small random sample of participants and their supervisors found that supervisors judged that all but a very few EWEP participants had adequate work habits and general job skills when they began their jobs. EWEP nevertheless may have helped participants to reinforce these habits or skills.

The great majority of participants also expressed satisfaction with their EWEP positions, although opinions were mixed about whether this work was "the price you have to pay" to receive welfare. When participants were asked to compare the amount of their welfare grant to the value of the work they performed, half responded that the work sponsor got "the better end of the deal." However, most participants (84 percent) indicated that the requirement to work for their benefits was a fair one. Findings from a separate, larger-scale survey of both participants and nonparticipants found somewhat less support for this sentiment among AFDC's than AFDC-U's.

2. Impact and Benefit-Cost Analysis

Impact Findings. The second report, using data for the full sample over a six-month period, found that both the Job Search and Job Search/EWEP programs had substantial and statistically significant impacts on the proportion of AFDC applicants employed and the amount that they earned. However, welfare savings were modest and statistically significant primarily for the Job Search/EWEP group. Longer follow-up, of roughly a year for an early sample, did not change these patterns.

In contrast, neither Job Search nor the Job Search/EWEP sequence had a sustained impact on the AFDC-U employment rate or earnings. However, both programs produced statistically significant reductions in welfare payments in the short as well as the longer follow-up period, particularly for the Job Search/EWEP group.

The second report did not find that EWEP produced substantial and statistically significant additional impacts over the job search workshops for either assistance category, although results were inconclusive; many Job Search/EWEP experimentals were still working at the end of the short follow-up period. A second important but preliminary finding suggested that the EWEP work requirement had not caused a change in workshop behavior.

Benefit-Cost Results. In the short-term analysis presented in the second report, only benefits and costs that accrued through December 1983 were considered, for an average follow-up period of nine months. This meant that most of the program costs, but only part of the program benefits, could be measured during this time-frame. Social benefits were substantial and exceeded costs for both assistance categories in both programs, except for the AFDC-U's in the Job Search only model. Both programs were also effective from the AFDC applicant perspective, producing net benefits of over $300 per experimental group member. In contrast, AFDC-U applicants were net losers in the short run, largely because the programs had reduced their transfer payments -- AFDC welfare, Unemployment Insurance compensation, Food Stamps and MediCal -- without increasing their earnings. Taxpayers experienced a corresponding net gain.

The Job Search/EWEP sequence had a higher overall net value than the Job Search only program primarily because of the value of the goods and services produced by individuals who worked in the EWEP positions.

D. The Current Report

As this chapter suggests, the evaluation of San Diego's two models seeks to provide answers to a broad range of questions about the feasibility, impact, cost-effectiveness and targeting of mandatory job search and work experience programs. Using longer follow-up data than the earlier reports, this study presents the final conclusions on program impacts and cost-effectiveness of the San Diego programs, issues that remained unresolved in prior studies of both job search and work experience. Five quarters of follow-up data on employment and earnings and six quarters of data on welfare and UI benefits are used to present impacts for the full research sample. An additional six months of follow-up is available for an early sample of applicants for whom longer-term impacts were presented in the second report.

Throughout this report, AFDC and AFDC-U assistance categories are analyzed separately, as are certain other critical subgroups of the main sample. The analysis of benefits and costs also draws on data for the full sample and extends benefits beyond the observation period so that a more complete picture of cost-effectiveness is presented. However, because this report builds on the findings of the two previous reports, less attention is paid to the process research. More detailed information on these findings can be found in the second report, particularly Chapters 3 and 4.

Chapter 2 of this report discusses in greater detail the research design, the samples and data sources. Chapter 3 presents the employment and welfare impacts produced by both program models for the AFDC assistance category, as well as an assessment of the EWEP add-on effects and the applicant subgroups for whom the program worked best. Similar information is covered in Chapter 4 for the AFDC-U's. Chapter 5 addresses the benefit-cost findings over a five-year time span.

CHAPTER 2

THE RESEARCH DESIGN

This chapter presents the research design and analytical techniques used in the process, impact, and, to a lesser extent, the benefit-cost studies. It then describes the characteristics of the research sample and discusses the data sources used in the three analyses. Of particular importance is the use of administrative records to measure key outcomes, as described in the last section. Chapter 5 provides a more detailed discussion of the methodology and data sources for the benefit-cost analysis.

A. The Research Design

The San Diego demonstration tests two program variations for WIN-mandatory welfare applicants. One starts with a one-day job placement effort at the welfare office and is followed by a three-week job search workshop (the EPP Program). The second is similar, except that persons completing the workshop without finding employment are assigned to community work experience (the EWEP Program) for up to 13 weeks.

As noted in Chapter 1, an experimental design was implemented to isolate the impacts of the two variations. Applicants for welfare, either AFDC's or AFDC-U's, were screened and then immediately randomly assigned to one of several experimental groups that received program services, or to the control group, which received only WIN services (thus representing what would have happened in the absence of the program). Each group was tracked over a period of time to obtain information on employment and earnings;

welfare receipt and payments; and Unemployment Insurance benefit receipt and payments.

Employment programs studied by means of an experimental design typically carry out random assignment at the point of program registration. In San Diego, however, it began at welfare application in order to assess the one-day job placement effort and to look for any voluntary withdrawal of applications (the deterrence effect) due to the pending participation requirement.

Screened applicants were randomly assigned to one of four groups, the first three of which formed the main research sample. (See below.) A fifth group, discussed later, was not randomly assigned and was thereby excluded from the research, although members were technically eligible for program services. Table 2.1 indicates the service eligibility of each of the five following demonstration groups.

- Controls, eligible to receive regular WIN services, but not the one-day job placement component, job search workshops or EWEP.
- Job Search only experimentals, eligible to receive all job search services, but not EWEP.
- Job Search/EWEP experimentals, eligible to receive both job search and EWEP services.
- Extra experimentals, eligible to receive both job search and EWEP services, as well as any other EPP services. This group, however, had a lower service priority than the other experimentals.
- Applicants not randomly assigned although they were eligible for services.

The extra experimental group was created for two reasons. First, the applicant population was very large, and sample sizes were more than adequate for research purposes. Inclusion of all applicants in the

TABLE 2.1

SAN DIEGO

EPP AND EWEP SERVICE ELIGIBILITY FOR THE SAN DIEGO DEMONSTRATION GROUPS

	Primary Types of Services Available			
Demonstration Group	One-Day Job Placement Assistance	EPP Job Search Workshop	Experimental Work Experience Program (EWEP)	Other Regular WIN/ EPP Services
Control	No	No	No	Yes
Job Search-EWEP	Yes	Yes	Yes	*
Job Search	Yes	Yes	No	*
Extra	Yes	Yes	Yes	Yes
Non-Randomly Assigned	Yes	Yes	Yes	Yes

NOTES: Although members of a demonstration group may be eligible for a particular service, they may not necessarily receive it.

Other regular WIN/EPP services may include individual job search, training, or education.

*Indicates limited access to other EPP services.

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research sample would have been both expensive and unnecessary. Second, San Diego never intended to serve all of the applicant group, and random assignment provided a way to resolve the capacity issue. Although extra experimentals were not expected to receive services, over the course of the study period many of this group were, in fact, put in program activities.

The fifth group of applicants not randomly assigned was also technically eligible for program services, but these individuals had been judged by staff as so unlikely to participate that they were excluded from the research sample (i.e., refugees, employed persons).

The research design reflected the interest of both the state and the county to evaluate the two program models separately. Using experimental-control group differences, the impact analysis measures six key outcomes: percent employed, average earnings, percent receiving AFDC payments, average AFDC payments, percent receiving Unemployment Insurance benefits and average UI benefit payments. Chapters 3 and 4 will present:

- A comparison of the outcomes of controls to those of the Job Search/EWEP experimentals to show any differences between the whole sequence of activities and the regular WIN Program services.
- A comparison of the outcomes of controls with those of the Job Search experimentals to show differences between the EPP Job Search model and the regular WIN Program services.
- A comparison of the outcomes of the two experimental groups to isolate the impacts of the EWEP component. The only intended difference between the two treatments is work experience.

As shown below, the experimental and control groups produced by random assignment were similar in measurable background and demographic characteristics. The comparisons should therefore provide unbiased estimates of program impacts: that is, on average, the estimates should neither over-state nor understate the true program effects. However, to improve the efficiency of the estimates, as well as to account for any small differences that could have occurred despite random assignment, the program impacts were calculated using multiple regression analyses.[1] The tables in this report indicate by asterisks whether the program effects on employment, earnings and welfare (or other outcomes) are statistically significant at the 1, 5 and 10 percent level, using two-tailed t-tests or chi-square tests.[2] These significance levels indicate how small the probability is that a given experimental-control difference would have occurred in the absence of the program.

1. Eligibility

With only a few exceptions, individuals applying for welfare and determined to be WIN-mandatory[3] were eligible to participate. During the 11-month period of random assignment, 67 percent (6,997 of 10,389) of the WIN-mandatory individuals applying for welfare in the county were randomly assigned to one of the three main research groups (with an additional 1,637 designated extra experimentals).[4] Table 2.2 shows the number of applicants in the research sample assigned by assistance category and research group from October 1982 through August 1983.[5]

Figure 2.1 follows the flow of new applicants into the program and the formation of the research sample. As seen in the figure, random assignment procedures were incorporated into the regular application process. First, welfare eligibility workers determined if applicants were WIN-mandatory and then DSS data clerks randomly assigned all who were, except for those who fell into one of the following exempt categories:

TABLE 2.2

SAN DIEGO

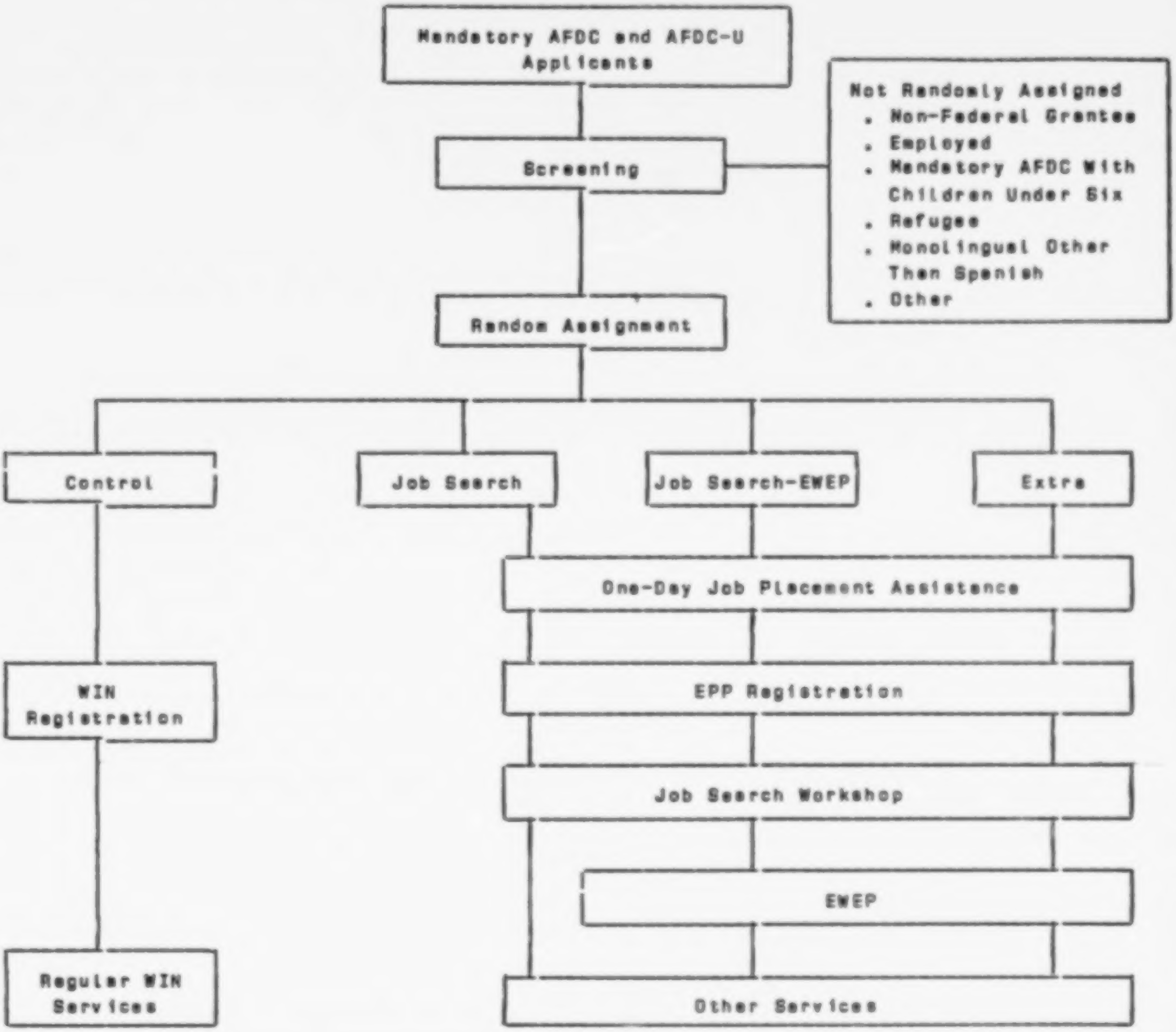
NUMBER OF MANDATORY APPLICANTS RANDOMLY ASSIGNED, BY ASSISTANCE CATEGORY AND RESEARCH GROUP (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Assistance Category and Application Period	Total	Job Search-EWEP	Job Search	Control
All Assistance Categories				
October - December 1982	1983	865	558	560
January - March 1983	2282	1009	640	633
April - June 1983	1496	744	370	382
July - August 1983	1236	617	310	309
Total	6997	3235	1878	1884
AFDC				
October - December 1982	903	410	245	248
January - March 1983	1320	603	359	358
April - June 1983	723	357	178	188
July - August 1983	645	317	161	167
Total	3591	1687	943	961
AFDC-U				
October - December 1982	1080	455	313	312
January - March 1983	962	406	281	275
April - June 1983	773	387	192	194
July - August 1983	591	300	149	142
Total	3406	1548	935	923

SOURCE: Tabulations from the MDRC Client Information Sheets.

FIGURE 2.1

SAN DIEGO RESEARCH DESIGN


Mandatory AFDC and AFDC-U Applicants
Screening
Not Randomly Assigned
. Non-Federal Grantee
. Employed
. Mandatory AFDC With Children Under Six
. Refugee
. Monolingual Other Than Spanish
. Other
Random Assignment
Control
Job Search
Job Search-EWEP
Extra
One-Day Job Placement Assistance
WIN Registration
EPP Registration
Job Search Workshop
EWEP
Regular WIN Services
Other Services

NOTES: Non-randomly assigned applicants were required to register with EPP and were eligible for EPP and EWEP services.

Job Search-EWEP and Job Search Experimentals were each limited to 100 referrals to training and education slots during the demonstration.

- Non-federal AFDC-U grantees who were not eligible for WIN services.[6]

- Employed applicants, either full or part-time.

- AFDC applicants who had children under the age of six but were WIN-mandatory because they were "out of the home for more than brief and infrequent periods," usually because they were taking educational or training courses. This ruling took effect in January 1983.[7]

- Refugees.[8]

- Monolingual applicants who did not speak English except those who spoke only Spanish. (Originally, San Diego planned to conduct Spanish-speaking workshops and randomly assigned Spanish-speaking applicants. However, these workshops were never operated on any large scale.)

The people in the exempt categories listed above, who were not randomly assigned, amounted to 16.9 percent of the WIN-mandatory applicants. Beginning in late January 1983, information became available to determine if these individuals had been appropriately excluded from random assignment. AFDC-U's were exempted primarily because they were non-federal grantees or employed part-time. AFDC's were excused mostly because they were employed part-time or were WIN-mandatory mothers whose cases included children younger than six.

2. Random Assignment

Random assignment in San Diego began in August 1982 (at program start-up) in a two-month pilot phase, and ended a year later in August 1983.[9] Generally, the procedure went smoothly. The county's DSS data collection clerks, located in each of the seven income maintenance offices, telephoned MDRC to obtain special identifying codes, based on a predetermined set of computer-generated random numbers, that indicated for each applicant either experimental or control status. Applicants were further randomly assigned by office and assistance category to ensure equitable distribution among the four research groups. MDRC kept lists alphabetically and by Social Security number in order to avoid randomly assigning applicants again if they re-applied for welfare.

B. The Research Sample

In some experiments the complete sample is selected as the program starts, but in San Diego new applicants were continuously enrolled into the research sample over the yearlong period. This report focuses on the 6,997 welfare applicants -- 3,591 AFDC's and 3,406 AFDC-U's -- who were randomly assigned to one of the three main research groups. (It should be noted that the numbers of AFDC's and AFDC-U's in the research sample are not representative of their actual proportions in the San Diego caseload. AFDC-U's constituted a smaller proportion of the sample than they did the caseload, which included AFDC's exempt from participation in WIN.) Different lengths of post-application follow-up were available for subgroups of applicants, depending on when random assignment occurred.

1. Sample Characteristics

Random assignment worked effectively to produce experimental and control groups with similar demographic characteristics. The only significant differences in demographic characteristics were slight ones in ethnicity and marital status for the AFDC category. (See Appendix Tables A.1 and A.2 for selected characteristics.) Given this overall similarity, most statistically significant differences in outcomes among the three groups can be considered to have resulted from the program treatments.

Both the AFDC-U and AFDC samples appeared to be less disadvantaged than the national welfare population, as indicated by the findings reported below on the level of education and previous work experience.[10] Table 2.3 shows that the San Diego AFDC-U research sample was primarily male, married and living with a spouse, and white (53 percent) although another 33 percent were Hispanic. Three-quarters of the sample had children younger than six. The average age was 31 years, and slightly over one-half of the sample held either a high school diploma or an equivalency degree. Almost 60 percent had never been on welfare, and about three-quarters reported some earnings during the year before welfare application.

The AFDC sample was slightly older and primarily female, with a smaller proportion Hispanic; 57 percent were white, with the rest almost equally black and Hispanic. The sample's educational background, however, was similar to that of the AFDC-U category; as noted above, both samples had considerably higher levels than might be expected of a welfare population. The majority of the AFDC's were divorced, widowed or married but not living with their spouses. Less than one-quarter (as opposed to over three-quarters of the AFDC-U sample) had children younger than six.

AFDC members had had less prior employment than the AFDC-U's; about one-half (in contrast to almost three-quarters of the AFDC-U's) had held jobs during the year before application. Not unexpectedly, AFDC's also exhibited greater welfare dependency; one-quarter had received welfare payments for more than two years.

2. Welfare Rules of the Two Assistance Programs

Besides indicating that random assignment effectively generated similar experimental and control groups, the characteristics presented above point to real differences between the two assistance categories.

TABLE 2.3

SAN DIEGO

SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE AT THE TIME OF WELFARE APPLICATION, BY ASSISTANCE CATEGORY
(OCTOBER 1982 - AUGUST 1983 SAMPLE)

Characteristic	AFDC	AFDC-U
EPP Office (%)		
San Diego West	19.5	14.8***
Oceanside	8.5	7.6
San Diego East	10.9	11.3
Service Center	17.5	17.0
Escondido	8.8	11.5***
South Bay	13.3	18.8***
El Cajon	21.5	19.0***
Age (%)		
24 Years or Less	9.1	19.0***
25 to 34 Years	46.6	51.6***
35 to 44 Years	33.7	21.1***
45 Years or More	10.6	8.3***
Average Age (Years)	33.6	31.1***
Sex (%)		
Male	15.6	93.0***
Female	84.4	7.0***
Ethnicity (%)		
White, Non-Hispanic	56.9	53.1***
Black, Non-Hispanic	20.5	8.6***
Hispanic	18.2	33.2***
Other	4.5	5.0
Degree Received (%)		
None	39.1	39.0
General Equivalency Diploma	7.5	9.5***
High School Diploma	53.4	51.5
Average Highest Grade Completed	11.3	11.2
Currently in School (%)	9.8	4.7***
Marital Status (%)		
Never Married	16.0	6.8***
Married, Living With Spouse	12.9	89.7***
Married, Not Living With Spouse	34.1	1.6***
Divorced, Widowed	37.0	1.9***

(continued)

TABLE 2.3 (continued)

Characteristic	AFDC	AFDC-U
Average Number of Children by Age		
Less Than 4 Years	0.15	0.92***
4 to 5 Years	0.07	0.25***
6 to 12 Years	0.93	0.69***
13 to 18 Years	0.59	0.29***
Average Number of Children Under 19 Years of Age	1.74	2.13***
Any Children (%)[a]		
Less Than 6 Years	18.4	77.7***
Between 6 and 18 Years	87.5	49.8***
Prior AFDC Dependency (%)		
Never on AFDC	33.7	58.5***
Two Years or Less	38.9	36.0***
More Than Two Years	27.4	5.6***
Average Months on AFDC During Two Years Prior to Application	6.1	2.3***
Average Months Unable to Work Due to Medical Problems in Two Years Prior to Application	1.1	0.5***
Received Unemployment Compensation in the Quarter Prior to Application (%)[b]	11.6	22.7***
Average Amount of Unemployment Compensation in the Quarter Prior to Application ($)[b]	104.24	212.26***
Held Job at Any Time During Four Quarters Prior to Application (%)[c]	51.5	71.4***
Held Job During Quarter Prior to Application (%)[c]	33.1	50.2***
Average Earnings During Four Quarters Prior to Application ($)[c]	2639.54	6302.20***
Average Earnings During Quarter Prior to Application ($)[c]	621.20	1447.88***

(continued)

TABLE 2.3 (continued)

Characteristic	AFDC	AFDC-U
Average Months Employed During Two Years Prior to Application	10.1	15.7***
For Longest Job Held in Past Two Years[d]		
Average Hourly Wage Rate ($)	5.13	7.01***
Average Weekly Hours	36.8	40.3***
Duration of Job (Months)	22.0	28.4***
Total Sample[e]	3591	3406

SOURCE: Calculations from MDRC Client Information Sheets, program tracking records and UI earnings and benefits records from the EPP Information System.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Distributions may not add to 100.0 percent because applicants can have children in more than one category.

[b] Calculated from Unemployment Insurance benefit records from the State of California.

[c] Calculated from Unemployment Insurance earnings records from the State of California.

[d] For questions concerning longest job, sample sizes are based on the number of applicants who report a longest job on the Client Information Sheet. Due to missing data for selected characteristics, these sample sizes vary from 2418 - 2549 for AFDC's and 3078 - 3185 for AFDC-U's.

[e] For selected characteristics, sample sizes may vary up to seventeen sample points due to missing data.

Differences between assistance categories are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

This report will therefore analyze the AFDC and the AFDC-U groups separately. Another reason for separate analyses is the different procedures governing the calculation of welfare grants in the two programs. These were expected to affect the participation, employment and welfare behavior of the two groups, and are discussed briefly below.

During most of the period studied, welfare applications were approved if an applicant's total income did not exceed 150 percent of the state standard of need. (However, during the later part of the follow-up period, when the rules of the Deficit Reduction Act (DEFRA) went into effect, this limit was raised to 185 percent.) The benefit level paid reflected the amount that income fell short of the state payment standard. As of October 1, 1984, the maximum benefit for a family of three in California was $555,[11] the second highest in the nation; payments ranged widely among other states, from $719 in Alaska to $96 in Mississippi.[12] This relatively high level in California makes it easier to combine welfare receipt with earned and unearned income.[13] Chapter 3 will discuss this issue further.

When recipients of AFDC take jobs, earnings are considered in the monthly calculation of welfare payments, but grants are not reduced dollar for dollar. The amount of the grant is determined in the following manner. Allowable work-related and child-care expenses are deducted from earned income to arrive at net earnings. In addition, the first $30 plus 1/3 of the net earnings is disregarded for the first four months in which recipients earn income. (Late in 1984, the ruling was changed to extend the disregard of $30 for an additional eight months.) After these deductions and disregards, the earnings that remain are considered countable. In determining the grant, the countable earnings figure is subtracted from the state payment standard based on family size. The grant amount is further affected by unearned income, over- and under-payments, adjustments and prorations.[14]

Determination of the welfare grant is similar for the AFDC-U's except for two important differences in federal regulations. First, AFDC-U's are no longer eligible for welfare once they work 100 or more hours per month, regardless of the amount they earn. Second, during most of the demonstration period, if the AFDC-U case head is sanctioned, the entire case is closed, and no payments are made to the entire family during the sanctioning period. (In mid-1984, this rule changed so that in California, some aid became available for family members.)[15] In contrast, if an AFDC case head is sanctioned for not complying with program requirements, only his or her needs are deducted from the family's monthly grant payment, usually for three months for the first sanction and six months for the second.

Thus, AFDC's have more latitude to earn money and still receive welfare benefits than the AFDC-U's, who more quickly lose welfare benefits when they work and face stricter penalties for not complying with program requirements.

3. Subgroup Characteristics

The research will examine subgroups of the sample to address the important issue of whether certain categories of individuals are likely to benefit more from one or both of the San Diego models. The impact and, to a lesser extent, the benefit-cost analysis thus focus on several important subgroups. As already mentioned, the primary division is between the AFDC's and the AFDC-U's.

In addition, given the research sample's enrollment over a yearlong period, it will be important to determine if the operation of the programs differed systematically between the earlier and later enrollment periods. Table 2.4 indicates that there is, in fact, some variation in characteristics. Individuals in the later period seemed more dependent on welfare and had a history of less prior employment and earnings than the October to March sample. The later sample also included more black applicants and fewer individuals who had received UI benefits in the quarter prior to random assignment. In part, the improving economy in San Diego during the later period may explain this variation, as job-ready individuals -- forced in the earlier period by a poor economy to apply for welfare -- may have found employment easier to obtain. This issue is discussed in more detail in Chapters 3 and 4. Later AFDC applicants were also less likely to be in school and to have children under six years of age.[16]

The second report suggested that certain other subgroups may have been affected in different ways by the San Diego programs. One important set examined was determined by the extent of prior employment experience. As expected, AFDC's who had held employment at some time during the year prior to welfare application were less likely to have received welfare benefits, but more likely to have received UI benefits than those who were not employed. (See Table 2.5.) Applicants with recent work experience also tended to be more educated and were more likely to have children less than six, a finding that characterized the AFDC-U subgroup as well.

4. Research Samples for the Different Analyses

The two analyses in this report -- impact and benefit-cost -- use somewhat different research samples and follow-up periods. Table 2.6

TABLE 2.4

SAN DIEGO

SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE, BY ASSISTANCE CATEGORY AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 SAMPLE)

	AFDC		AFDC-U	
Characteristic	October 1982 - March 1983	April - August 1983	October 1982 - March 1983	April - August 1983
Average Age (Years)	33.3	34.3***	31.2	31.0
Sex (%)				
Male	16.3	14.5	92.9	93.3
Female	83.7	85.5	7.1	6.7
Ethnicity (%)				
White, Non-Hispanic	57.7	55.6	53.5	52.6
Black, Non-Hispanic	18.8	23.2***	7.8	9.8**
Hispanic	18.7	17.4	33.1	33.4
Other	4.9	3.8	5.6	4.2*
Degree Received (%)				
None	40.0	37.6	39.3	38.6
General Equivalency Diploma	7.1	8.1	9.8	9.1
High School Diploma	52.9	54.3	50.9	52.3
Currently in School (%)	11.9	6.3***	5.2	3.6*
Any Children (%)[a]				
Less Than 6 Years	24.8	7.8***	77.4	78.1
Between 6 and 18 Years	83.9	93.3***	51.5	47.4**
Prior AFDC Dependency (%)				
Never on AFDC	35.3	31.1***	58.5	58.4
Two Years or Less	38.9	38.9	36.6	35.0
More Than Two Years	25.8	30.0***	4.9	6.6**
Average Months on AFDC During Two Years Prior to Application	6.1	6.0	2.2	2.3
Held Job at Any Time During Four Quarters Prior to Application (%)[b]	53.3	48.5***	74.2	67.3***
Average Earnings During Four Quarters Prior to Application ($)[b]	2676.86	2578.91	6598.13	5859.72***
Ever Received Unemployment Compensation in the Quarter Prior to Application (%)[c]	12.6	10.1***	23.9	20.8**
Average Amount of Unemployment Compensation in the Quarter Prior to Application ($)[c]	111.00	90.01*	211.99	212.66
Total Sample[d]	2223	1368	2042	1364

SOURCE: Calculations from MDRC Client Information Sheets, UI earnings records from the EPP Information System, and UI compensation records.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Distributions may not add to 100.0 percent because applicants can have children in more than one category.

[b] Calculated from Unemployment Insurance earnings records from the State of California.

[c] Calculated from Unemployment Insurance benefit records from the State of California.

[d] For selected characteristics, sample sizes may vary up to nine sample points due to missing data.

Differences between application periods within assistance categories are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE 2.5

SAN DIEGO

SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE, BY ASSISTANCE CATEGORY AND PRIOR EMPLOYMENT HISTORY (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Characteristic	AFDC		AFDC-U	
	Not Employed in Year Prior to Application	Employed in Year Prior to Application	Not Employed in Year Prior to Application	Employed in Year Prior to Application
Average Age (Years)	33.8	33.4	31.7	30.9**
Sex (%)				
Male	13.8	17.4***	92.3	93.3
Female	86.2	82.6***	7.7	6.7
Ethnicity (%)				
White, Non-Hispanic	55.5	58.4*	63.0	49.3***
Black, Non-Hispanic	22.4	18.7***	9.3	8.4
Hispanic	17.9	18.2	22.1	37.6***
Other	4.2	4.7	5.7	4.7
Degree Received (%)				
None	44.4	33.9***	39.6	38.7
General Equivalency Diploma	8.9	6.2***	11.3	8.8**
High School Diploma	46.7	59.8***	49.1	52.5*
Any Children (%)[a]				
Less Than 6 Years	17.0	19.7**	74.9	78.7**
Between 6 and 18 Years	88.0	86.9	50.9	49.4
Prior AFDC Dependency (%)				
Never on AFDC	33.9	33.3	59.6	57.9
Two Years or Less	38.1	39.8	34.8	36.5
More Than Two Years	28.1	26.9	5.6	5.6
Average Months on AFDC During Two Years Prior to Application	7.2	5.0***	3.0	2.0***
Average Earnings During Four Quarters Prior to Application ($)[b]	0.0	5130.12***	0.0	8824.12***
Ever Received Unemployment Compensation in the Quarter Prior to Application (%)[c]	3.7	19.1***	8.1	28.6***
Amount of Unemployment Compensation in the Quarter Prior to Application ($)[c]	39.56	165.79***	88.85	262.08***
Total Sample[d]	1739	1843	972	2429

SOURCE AND NOTES: See Table 2.4.

[d] For selected characteristics, sample sizes may vary up to ten sample points due to missing data.

TABLE 2.8

SAN DIEGO

PRIMARY RESEARCH SAMPLES FOR THE IMPACT AND BENEFIT - COST STUDIES

Study	Chapter	Outcomes	Application Periods	Number of Follow-Up Months After Application	Total Sample Size[c] AFDC	Total Sample Size[c] AFDC-U
Impact	3,4	Employment, Earnings, Welfare, and UI Benefits for Full Sample and Selected Subgroups	October 1982-August 1983	18 Months[a]	3591	3426
		Employment, Earnings, Welfare, and UI Benefits for Early Applicant Sample	October 1982-March 1983	24 Months[b]	1850	1753
Benefit - Cost	5	Net Benefits and Costs	October 1982-March 1983	21 to 28 Months	2223	2042
			April 1983 - August 1983	15 to 23 Months	1368	1384

NOTES: [a] For employment and earnings, the follow-up period is five quarters after the quarter of random assignment.

[b] For employment and earnings, the follow-up period is seven quarters after the quarter of random assignment.

[c] Includes Job Search-EWEP Experimental, Job Search Experimental and Control research groups. For some of the analysis, sample sizes may be slightly lower due to missing data.

indicates the primary samples for both of these studies.

As the table shows, the impact analyses in Chapters 3 and 4 will present the effects of the two program models on employment, earnings, welfare and UI benefits separately for the AFDC and the AFDC-U assistance categories. The impact sample consists of people who applied for welfare from October 1982 through August 1983 for whom key data were not missing. The full sample was followed for a fixed period of time, between 15 and 18 months after welfare application. This sample is also used in the analysis of selected subgroups: those differing in their extent of prior work history, welfare receipt and receipt of UI benefits, as well as number of children. Also, because of notable differences between the early and later enrollees, special attention will be given to the variation in impacts by time period of welfare application. Finally, an additional six months of follow-up is available for the early group of applicants and will be used to discern longer-term trends.

The benefit-cost study is also based on the full sample, but includes some people who had been excluded from the impact sample.[17] In contrast to the impact study, it makes use of all available follow-up data, although the amount varies depending on when an individual applied for welfare and the data source. For example, in the case of earnings data, the earliest enrollees have eight quarters (or 24 months) of follow-up data, while the latest enrollees have five quarters (or 15 months) of data after the quarter of application.

C. Data Sources

The research design used a mixed strategy to analyze patterns of parti-

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cipation in job search and EWEP, to describe implementation factors, to measure employment and welfare outcomes, and to estimate program benefits and costs. The data sources were thus many and varied. Of particular importance in this project and others in MDRC's demonstration has been the use of administrative records to measure key outcomes. A detailed discussion of this methodology appears in the section following this brief description of the data sources.

The four primary sources of information were the Client Information Sheets (CIS), designed by MDRC and filled out at welfare application; the EPP Information System (EPPIS), maintained by the State of California; the County EWEP attendance logs; and the Unemployment Insurance benefit records. These are discussed below.

- Client Information Sheets, introduced by MDRC as part of the random assignment process, provide information on the demographic characteristics of sample members. The data were merged by the state into the EPPIS files.

- EPPIS is a compilation of several data sets:

  - AFDC records supply information on monthly AFDC (i.e., welfare) grants and status (e.g., denial, discontinuances and approvals). These data were obtained directly from the County of San Diego and collected through February 1985 for the analyses in this report.

  - The California State Unemployment Insurance (UI) Earnings Records (the California Base Wage File) provide quarterly employment and earnings data reported by employers for each calendar quarter: e.g., January, February and March; April, May and June. These data were collected through the fourth quarter of 1984.[18]

  - The EPP Reporting System contains information on program services, particularly on participation status in group job search. Referral to EWEP, as well as to other regular WIN activities such as individual job search, training or subsidized employment, is recorded, as is information on EPP/WIN activities related to deregistration and sanctioning. Program data were available through September 1984.[19]

  - Job Search Attendance Logs recorded the days of attendance in the job search workshops and the number of unexcused absences. The logs also indicated the completion and employment status of individuals at the point of program departure.

- One-Day Job Placement Assistance Logs provide data on referral and placement by the welfare office at the time of welfare application.

- Unemployment Insurance Benefit Records supply information on monthly UI benefit (Unemployment compensation) payments, obtained from the state. UI benefits data were collected through March 1985.[20]

- EWEP Logs are maintained by the San Diego Workfare Unit within the DSS Employment Services Bureau. The logs contain information on EWEP referrals, whether or not individuals showed up at orientation or were assigned to worksites, their worksite attendance, completion status and any sanctioning activity, as well as reasons for nonparticipation. Throughout the demonstration, the logs were completed by the EWEP staff at each of the local welfare offices and periodically sent to MDRC. However, complete EWEP data are available only through February 1984, so the EWEP follow-up on sample members is slightly shorter than the EPP period. A limited number of EWEP activity logs were also missing at the time of this report, so these data may somewhat understate referrals.[21]

As indicated in Table 2.7, these data sources provide varying lengths of follow-up, depending on the application period of enrollees.

Other data sources include two survey interviews, one administered to a randomly selected group of applicants six months after random assignment, and the other used with a random subsample of worksite participants and their supervisors. A review of EWEP, EDD and welfare case folders for a small group of registrants, various fiscal records on program and participant costs, and reports from a field researcher based in San Diego complete the main data collection activities. (Appendix B describes these data sources in more detail.)

TABLE 2.7

SAN DIEGO

LENGTH OF AVAILABLE FOLLOW-UP BY DATA SOURCE AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Data Source	Last Date Data Are Available	Point at Which Data Starts to Be Collected	Length of Follow-Up By Application Period			
			October - December 1982	January - March 1983	April - June 1983	July - August 1983
Program Records	September 1984	Date of Application	Twenty-one Months	Eighteen Months	Fifteen Months	Thirteen Months
EWEP Activity Logs[a]	February 1984	Date of Application	Fifteen Months	Twelve Months	Nine Months	Seven Months
Quarterly Employment and Earnings b/c	Fourth Calendar Quarter of 1984	Four Quarters Prior to Application	Eight Quarters After Application	Seven Quarters After Application	Six Quarters After Application	Five Quarters After Application
Monthly Welfare Grant Payments[d]	February 1985	Month of Application	Twenty-seven Months	Twenty-four Months	Twenty-one Months	Nineteen Months
Monthly Unemployment Insurance Benefits[e]	March 1985	Six Months Prior to Application	Twenty-eight Months	Twenty-five Months	Twenty-Two Months	Twenty Months

NOTES: [a] EWEP Log data provides slightly less post-application follow-up for individuals applying during the latter part of any particular month.

[b] Employment and earnings data are based on Unemployment Insurance earnings records which report earnings on a calendar quarter basis.

[c] Calendar quarter of application is not considered to be a follow-up quarter for employment and earnings for the San Diego evaluation.

[d] The first month of the first quarter of follow-up for welfare grant payments is the month in which an individual applied for welfare.

[e] The first month of the first quarter of follow-up for unemployment insurance benefits is the month in which an individual applied for welfare.

D. The Use of Administrative Records

The reliance on administrative records to measure outcomes in employment, earnings, welfare and Unemployment Insurance compensation offers many advantages as well as some limitations. In many previous studies, information has been gathered by interviewing sample members, both at program start-up and at selected points thereafter. Depending on the available resources, the thoroughness with which the survey is conducted and the mobility and cooperation of sample members, this method has been very reliable, but has usually resulted in sample attrition rates of from 10 to 25 percent (and sometimes different response rates across research groups).[22]

Administrative records, in contrast, do not require ongoing contact with sample members, are a less expensive way to collect data, and may result in lower attrition rates in the later follow-up periods. Administrative records also do not depend on the ability of individuals to recall precise but important information, such as dates, household income or the length of enrollment in programs or schools. However, administrative records are limited in the types of outcomes they measure and, as discussed in this section, have other drawbacks in quality and completeness of the data.

As stated above, Unemployment Insurance (UI) earnings records, maintained by the State of California, are the primary source for sample members' employment and earnings, and AFDC payment records, kept by the County of San Diego, are the main source for welfare receipt. These data allow an unbiased comparison of employment and welfare outcomes between the experimental and control groups for as long a follow-up period as may be desired. Overall, in the San Diego evaluation, the administrative records were found to be complete.[23] An independent check of quarterly earnings with EPPIS data indicated that the files matched properly with the UI system. Further, only 9.5 percent of the AFDC sample and 11.0 percent of the AFDC-U sample lacked information on welfare payments for one or more of the first 12 months of follow-up.[24] However, despite the high quality of these two sources, the use of administrative records as the main data base for the impact study does raise some important questions as discussed below.

First, because of the reporting lags typical of the UI wage reporting system, data for the full sample were available only through six quarters of follow-up, although a follow-up of nine quarters was possible for the earliest sample members. (This includes the quarter in which an individual is randomly assigned.) Second, figures for the fourth quarter of 1984 should be considered preliminary because some employers may have been late in reporting earnings to the system.

Third, UI earnings records provide somewhat limited coverage. The data do not include people who have moved or who work out of state, or those for whom employers do not report earnings, especially domestic workers. Off-the-books earnings are also never in these records. Nevertheless, there is no reason to expect that these coverage issues introduced major biases since experimentals and controls should have both been affected to the same extent. In fact, a comparison of the six-month applicant survey and the UI earnings records showed that the discrepancy in the proportion of individuals employed according to these two data sources was fairly similar across research groups.

Finally, since earnings are recorded by calendar quarter, the quarter of welfare application reflects zero to two months of post-application follow-up, depending on when in the calendar quarter an individual applied for welfare. For example, since information was collected starting in October 1982, an individual applying for welfare in that month had approximately two months of follow-up activity in the quarter of welfare application (which ended in December), while for an individual applying in the month of December, the same quarter would show mostly the activity before, not after, welfare application.

Thus, the quarter of application is not a true follow-up quarter for earnings. Because time lapsed between random assignment (i.e., welfare application) and the next activity (usually program registration but sometimes employment), the quarter of random assignment could contain little post-program employment activity but report earnings through the UI system from jobs held prior to welfare application. As a result, quarter 2 is considered the first true quarter in measuring impacts, and reflects applicant behavior during the three-to-five-month period after welfare application.

In contrast, because welfare data were reported monthly, the first month includes the day of application; it is thus a true follow-up month since sample members were not on welfare immediately before application. In the organization of data for this study, welfare payments are aggregated into three-month time periods where the first month of the first follow-up quarter is the month in which an individual applies for welfare. Thus, while data on welfare receipt and payments are not exactly comparable by period with employment and earnings information, the match is close.

One important issue was missing welfare records. For consistency, sample members with missing records were eliminated from the estimation of all impacts. This may have resulted in slightly greater earnings impacts than would have been the case if all sample members, including those with missing welfare data, had been included in the estimation of employment impacts.[25]

Unemployment Insurance benefits data, also reported monthly, are available for the full sample for six months prior to the month of application and for at least 18 months after application. As in the case of welfare, these data have been aggregated into three-month periods, in which the first month of the first follow-up quarter is the month of random assignment.

CHAPTER 3

AFDC APPLICANTS: EMPLOYMENT, EARNINGS AND WELFARE IMPACTS

Chapters 3 and 4 summarize the employment, earnings and welfare impacts produced by the two San Diego program models: job search alone (EPP) and job search followed by community work experience (EWEP). This chapter focuses on findings for the AFDC applicants, a primarily female assistance group. Chapter 4 examines impacts for the mostly male AFDC-U group.

A. The Impact Analysis Design and Sample

The chapter begins with a brief discussion of the differences in program treatment for sample members in the three main research groups. It then presents the overall program impacts, with a special focus on the following four major questions:

- Do either or both of the two experimental programs affect sample members' employment, earnings, welfare receipt or the level of payments?
- Are there any incremental impacts from the add-on of community work experience (EWEP) to the job search component beyond those resulting from the workshops alone?
- Are the observed impacts stable and consistent across application periods? Do they tend to increase or decay over time?
- For what subgroups do the programs work best, and how do their various outcomes influence the overall pattern of program impacts?

To examine these issues, several samples were used. First, data were analyzed for the full sample of AFDC applicants (3,591 individuals) who applied for welfare and were randomly assigned between October 1982 and August 1983.[1] This sample was tracked for 15 to 18 months to collect five quarters of post-application earnings data (quarter 1 is not a true follow-up quarter) and six quarters of welfare and Unemployment Insurance benefits (with all quarters capable of reflecting impacts). By the end of this follow-up, most experimentals were no longer receiving program services.

Subgroup samples were drawn from this full sample and were also analyzed over the 15- to 18-month follow-up period. The patterns of applicants enrolling in the early versus the later demonstration period were especially important to examine, given the changing labor market conditions in San Diego (see Chapter 2) and their different characteristics. (The second report focused on this early group.) Other important subgroup sets were the "more employable" compared to the "less employable" applicants, as defined by recent work history, and those subdivided by level of prior welfare dependency, as well as number of children.

Two quarters of additional follow-up data were available for an early sample of applicants: 2,223 AFDC's enrolled from October 1982 through March 1983, a group representing 62 percent of the total AFDC sample. This longer follow-up was used to estimate the direction and the possible magnitude of impacts over time.

In all these analyses, impacts were calculated by comparing the employment, earnings, welfare and UI benefits outcomes of the Job Search only group and the Job Search/EWEP experimentals -- both registrants and nonregistrants, as well as participants and nonparticipants -- to those of all controls.[2] To isolate the effects of adding the work experience requirement after job search, the outcomes of the Job Search/EWEP experimentals were compared to those of the Job Search only group.

B. Experimental-Control Treatment Differences

As background for the discussion of program impacts, this section summarizes the differences in service levels for the experimental and control group members. This information is particularly important in an experimental design, where control group behavior serves as a measure of what individuals would have done in the absence of a special program. In this evaluation, the control group members were eligible to take part in regular WIN services, typically the kind of activity available to welfare applicants if neither of the two experimental programs had been operating. The experiences, or outcomes, of the controls thereby set a standard against which the achievements of the experimental groups can be assessed.

Table 3.1 shows that there were large differences in program activity levels. While almost one-half of the experimental group members were engaged in some significant activity during the six months after welfare application, only 5 percent of the control group members recorded any activity. When the follow-up period was extended to nine months, participation levels increased by at most two percentage points. (See Appendix Table C.1 and Chapter 1 for a discussion of the AFDC participation rates in EPP Job Search and EWEP.) Thus, people participated fairly quickly if they were going to do so at all.

The type of program activity was also very different for the three research groups. While the main activity of experimentals was a job search workshop, plus a work experience position for the Job Search/EWEP group,

TABLE 3.1

SAN DIEGO

AFDC APPLICANTS: SIX-MONTH PERFORMANCE INDICATORS, BY RESEARCH GROUP (OCTOBER 1982 - AUGUST 1983 SAMPLE)

	Experimental		Control
Six-Month Performance Indicator	Job Search-EWEP	Job Search	WIN
Received Job Placement Assistance (%)	88.9	90.7	0.0***
Registered With EPP/WIN (%)	85.5	85.7	86.8
Participated in Any Post-Registration Activity (%)	44.6	47.5	5.1***
Participated at Least One Day in Job Search Workshop (%)	42.3	45.3	0.8***
Worked at Least One Hour at an EWEP Worksite (%)	11.8	0.0	0.0***
Received Other EPP Services (%)	4.1	4.8	4.4
Program Placement (Found Employment) (%)[a]	25.6	25.3	13.2***
Deregistered From EPP/WIN (%)	52.1	48.7	40.9***
Due to Request for Sanction (%)	8.6	5.7	0.7***
Total Applicants[b]	1540	867	889

SOURCE: MDRC calculations from the EPP Information System and EWEP Activity Logs maintained by the San Diego County Department of Social Services.

NOTES: All performance indicators are calculated as a percentage of all impact sample members in the indicated research group.

[a] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

[b] Excludes applicants missing AFDC payments for one month or more during the first six months after application.

Differences between research groups within an assistance category are statistically significant using a two-tailed t-test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

control group members in WIN -- if they participated in anything -- were usually enrolled in individual job search (a much less intensive service than group job search). Only a small number of applicants in all three research groups were involved in training either within or outside of WIN. Finally, while most experimentals reported for the one-day job placement activity, only a handful were actually referred to a specific opening and less than two dozen accepted a job offer.

Although the experimental groups received more services than the control group, their participation levels were not universal. This reflects not only a small number of program-approved deferrals and exemptions (because of illness or language difficulties), but also factors not related to the programs' participation requirements. Many departures from the rolls or program terminations prior to participation were due to the typical turnover in the welfare caseload: that is, in the normal course of events, people will leave welfare (and thus the program) because they find jobs on their own or because their family income or circumstances have changed. A major reason for welfare departure, for example, is remarriage.

In other cases, departures may be more closely linked to a special program, particularly mandatory ones, such as these San Diego models. Applicants may prefer to withdraw from the rolls or seek employment on their own rather than participate in a mandatory activity. Others may fail to comply with program rules and be sanctioned, or temporarily deregistered from the program. All of these factors -- whether related or not to program requirements -- reduce the pool of eligible persons with whom program staff can work during a specified period.

Thus, a more comprehensive measure of program performance is used in this evaluation. It takes into account not only participation in program activities, but also the registrants' ongoing eligibility to take part in the services. The approach, described in Chapter 1 and in detail in the second report, seeks to measure program success by determining how many sample members still remain on welfare and registered with the program at a particular point in time _without_ having completed program requirements. The critical questions are: Among those receiving welfare and continuously registered in either the experimental or the WIN programs as of the ninth month after application, (1) How many had completed or were completing the required activities, and/or were employed? (2) How many never participated or dropped out? The size of this second "uncovered" group as a proportion of all applicants who initially registered with the program can signal the program's failure to persist in providing adequate services to an eligible caseload.

As indicated in Appendix Table C.2, there were major differences between the experimental and control groups when the "coverage" analysis was conducted -- in the level of activity among those continuously enrolled in either the experimental programs or WIN, as well as in the proportion of sample members deregistered due to sanctioning. Experimentals were not only more likely to be "out of reach of the program" (that is, off welfare or deregistered), but also substantially more likely to have completed or to be completing program activities at the ninth month. While only about 9 percent of all experimental registrants were still in the program but had not completed the requirements or found employment, almost one-quarter of controls were in the "unserved" category.[3]

Additionally, it appears that most of the 9 percent of the unserved registrants in the experimental programs had not been ignored by program staff. When a special review was conducted on the case files of a subsample of experimental registrants to determine their reasons for nonparticipation, most were found to have been officially deferred or exempted for reasons such as poor health, language difficulties or union membership.[4] However, higher levels of sanctioning also contributed to the substantial coverage difference. Within the nine-month period, between 6 and 8 percent of the experimentals were deregistered from one of the two programs because of a request for sanctioning: less than 1 percent of the controls in the more limited WIN Program were deregistered for this reason. (See Appendix Table C.1.)

Thus, both measures of participation indicate that San Diego operated a mandatory job search and work requirement, and that there were significant and large differences in the program treatment between the experimental and control groups, as well as between each of the two program models.

C. Impacts on Employment, Earnings and Welfare

1. Earlier Findings

The second report presented impacts for an early sample (approximately 62 percent of the full sample) tracked roughly for a year after application as well as impacts for the full sample for six months following welfare application. Data for the full sample showed (and the longer-term follow-up of the early sample confirmed) that both programs produced substantial and statistically significant employment and earnings gains for the AFDC group, but only modest reductions in welfare receipt and payments.

The report emphasized that these findings probably reflected only the job search effects of both models since many Job Search/EWEP experimentals were still in their work experience positions at the end of the follow-up period. Thus, the findings were inconclusive about the effectiveness of adding a work experience requirement to the Job Search model. It was more evident that the "threat" or existence of a work requirement had not thus far deterred people from completing their welfare applications or changed experimentals' behavior during the workshops, although this finding was preliminary.

In this final report, these earlier results are held up to more detailed scrutiny. However, while the follow-up period is now of adequate length to isolate the effects of the work requirement, it is important to bear in mind that the average impacts for the full sample do not tell the whole story. As stated previously, the sample was enrolled over an extended period -- 11 months beginning in October 1982 -- and averages can mask diversity and substantial change in behavior over time. There were in fact notable differences in the background characteristics of the applicants entering the sample in the early and later demonstration periods, as well as changing labor market conditions. Thus, as Section E will show, findings for the full sample do not reveal an important finding discussed later: the direction and magnitude of some of the impacts for one program -- Job Search -- differed markedly, depending on when applicants entered the sample. In turn, this influences overall conclusions using the full sample.

2. Final Impacts

Overall, for the full sample, the additional follow-up in this report suggests that the six-month improvements in employment and earnings seen in the second report continued for the Job Search/EWEP experimentals over a 15-month period. Early impacts for the Job Search only experimentals, however, had all but disappeared by quarter 4, as shown in Table 3.2. As will be discussed in Section E, the rapid deterioration of the employment and earnings gains of this group as a whole was being driven by the behavior of the later Job Search applicants -- those entering the sample after March 1983. For those applying before April 1983 (the focus of the second report), employment and earnings gains persisted through the sixth quarter. Welfare savings are small but positive in this report and the prior one, although those for the Job Search/EWEP group are slightly larger and more consistently statistically significant.

When the findings of this report are studied in more detail, Table 3.2 shows that, over the five-quarter follow-up period, Job Search/EWEP experimentals experienced a statistically significant employment increase of 5.6 percentage points.[5] This was associated with a statistically significant earnings gain of $700, or a 23 percent improvement over the control group average of $3,102 during this period. The overall five-quarter employment gain was similar for the Job Search only experimentals (5.1 percentage points), but the $251 earnings gain was considerably smaller and not statistically significant.

Quarter-by-quarter, the Job Search/EWEP model produced employment gains that were from 3.8 to 7.8 percentage points higher than control group employment. Earnings increased per quarter by between $117 and $163, with the gains peaking in quarters 3 and 6.[6] (See Figures 3.1 and 3.2.) All of these impacts were statistically significant. In contrast, the Job Search

TABLE 3.2

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AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	61.0	55.4	+ 5.6***	60.5	55.4	+ 5.1**
Average Number of Quarters with Employment, Quarters 2 - 6[a]	2.03	1.73	+ 0.29***	1.86	1.73	+ 0.14
Ever Employed (%)						
Quarter of Application	35.6	33.1	+ 2.5	32.9	33.1	- 0.2
Quarter 2	35.6	28.7	+ 6.9***	37.2	28.7	+ 8.5***
Quarter 3	40.2	32.3	+ 7.9***	36.9	32.3	+ 4.6**
Quarter 4	42.4	36.9	+ 5.5***	38.4	36.9	+ 1.6
Quarter 5	42.9	37.5	+ 5.4***	37.9	37.5	+ 0.4
Quarter 6	41.9	38.1	+ 3.8*	37.4	38.1	- 0.7
Average Total Earnings, Quarters 2 - 6 ($)[a]	3801.75	3101.63	+ 700.12***	3352.95	3101.63	+251.32
Average Total Earnings ($)						
Quarter of Application	359.45	336.86	+ 22.59	367.66	336.86	+ 30.80
Quarter 2	509.51	368.87	+ 140.64***	486.60	368.87	+117.74***
Quarter 3	700.95	538.40	+ 162.56***	656.04	538.40	+117.64**
Quarter 4	809.58	692.52	+ 117.06**	668.89	692.52	- 23.63
Quarter 5	848.33	729.11	+ 119.23**	742.42	729.11	+ 13.31
Quarter 6	933.39	772.75	+ 160.64***	799.01	772.75	+ 26.26
Ever Received Any AFDC Payments, Quarters 1 - 6 (%)	83.9	84.3	-0.4	85.2	84.3	+0.9
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	8.13	8.61	-0.48*	8.33	8.61	-0.28
Ever Received Any AFDC Payments (%)						
Quarter of Application	78.3	80.3	-2.0	79.5	80.3	-0.7
Quarter 2	84.2	87.6	-3.4*	86.2	87.6	-1.4
Quarter 3	51.8	56.2	-4.5**	52.2	56.2	-4.0*
Quarter 4	45.8	47.9	-2.0	45.5	47.9	-2.4
Quarter 5	39.5	41.1	-1.7	42.3	41.1	+1.1
Quarter 6	35.0	36.2	-1.2	36.2	36.2	+0.0
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	3409.32	3696.94	-287.62**	3494.05	3696.94	-202.90
Average AFDC Payments Received ($)						
Quarter of Application	733.60	752.03	- 18.43	727.63	752.03	-24.40
Quarter 2	695.38	765.07	- 69.69***	716.25	765.07	-48.82*
Quarter 3	581.94	653.34	- 71.39***	595.34	653.34	-58.00*
Quarter 4	512.91	579.50	- 66.59**	530.30	579.50	-49.20
Quarter 5	462.06	501.20	- 39.14	477.01	501.20	-24.20
Quarter 6	422.91	445.29	- 22.38	447.01	445.29	+ 1.72
Sample Size	1502	873		856	873	

(continued)

TABLE 3.2 (continued)

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information System.

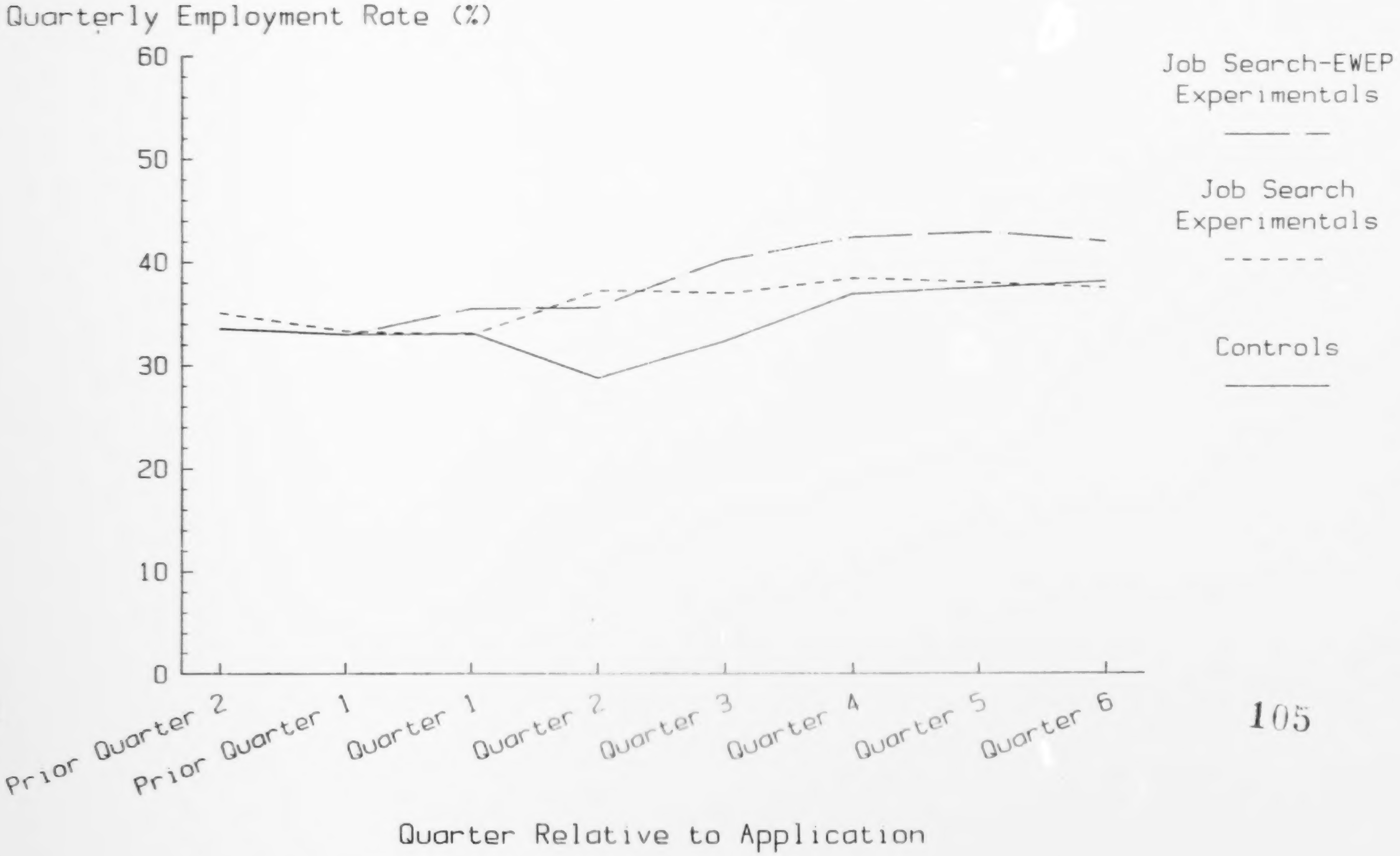
NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

FIGURE 3.1

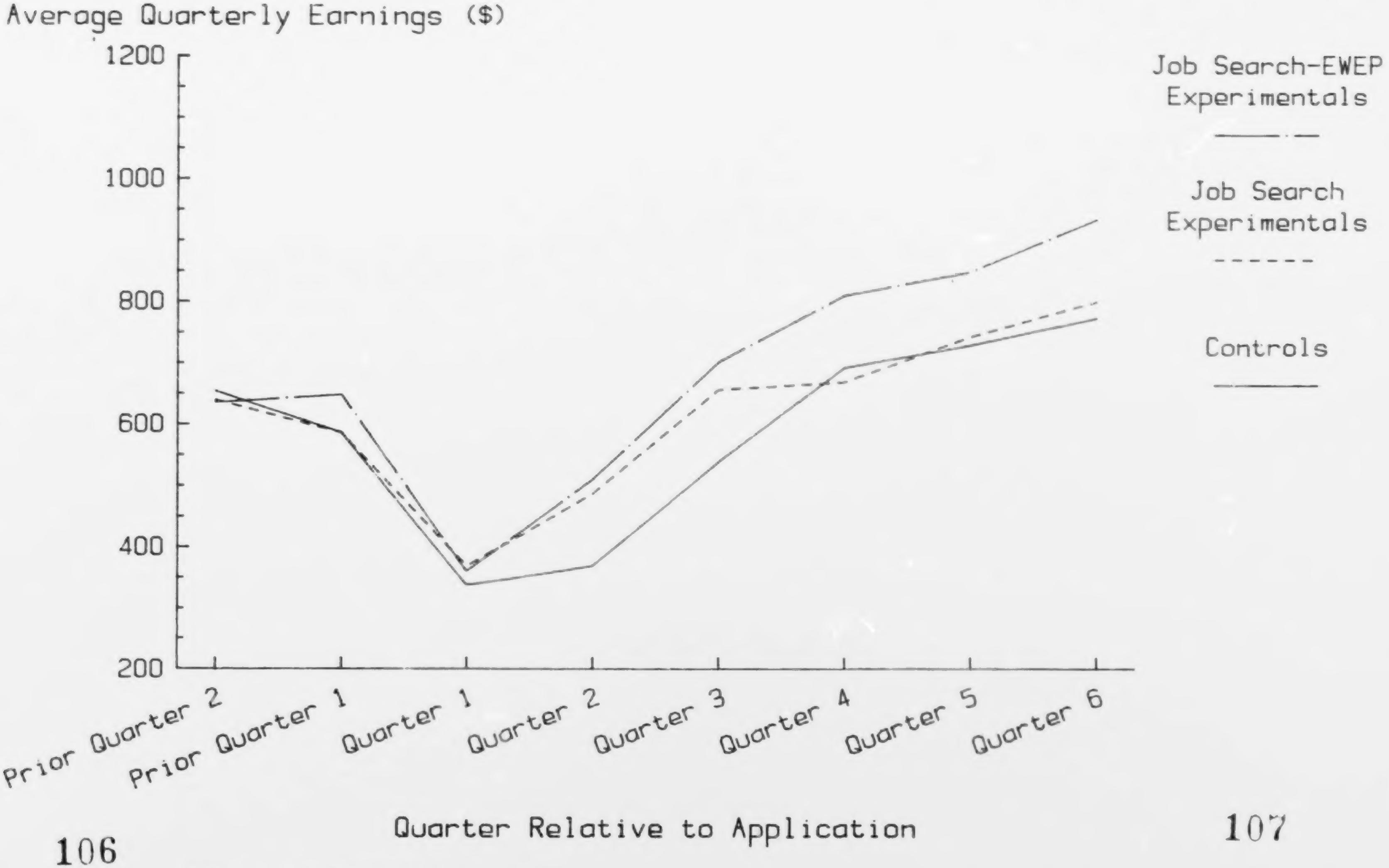
AFDC APPLICANTS:
TRENDS IN QUARTERLY EMPLOYMENT RATES
(OCTOBER 1982-AUGUST 1983 IMPACT SAMPLE)



SOURCE: See Table 3.2.

FIGURE 3.2

AFDC APPLICANTS: TRENDS IN AVERAGE QUARTERLY EARNINGS (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)



SOURCE: See Table 3.2.

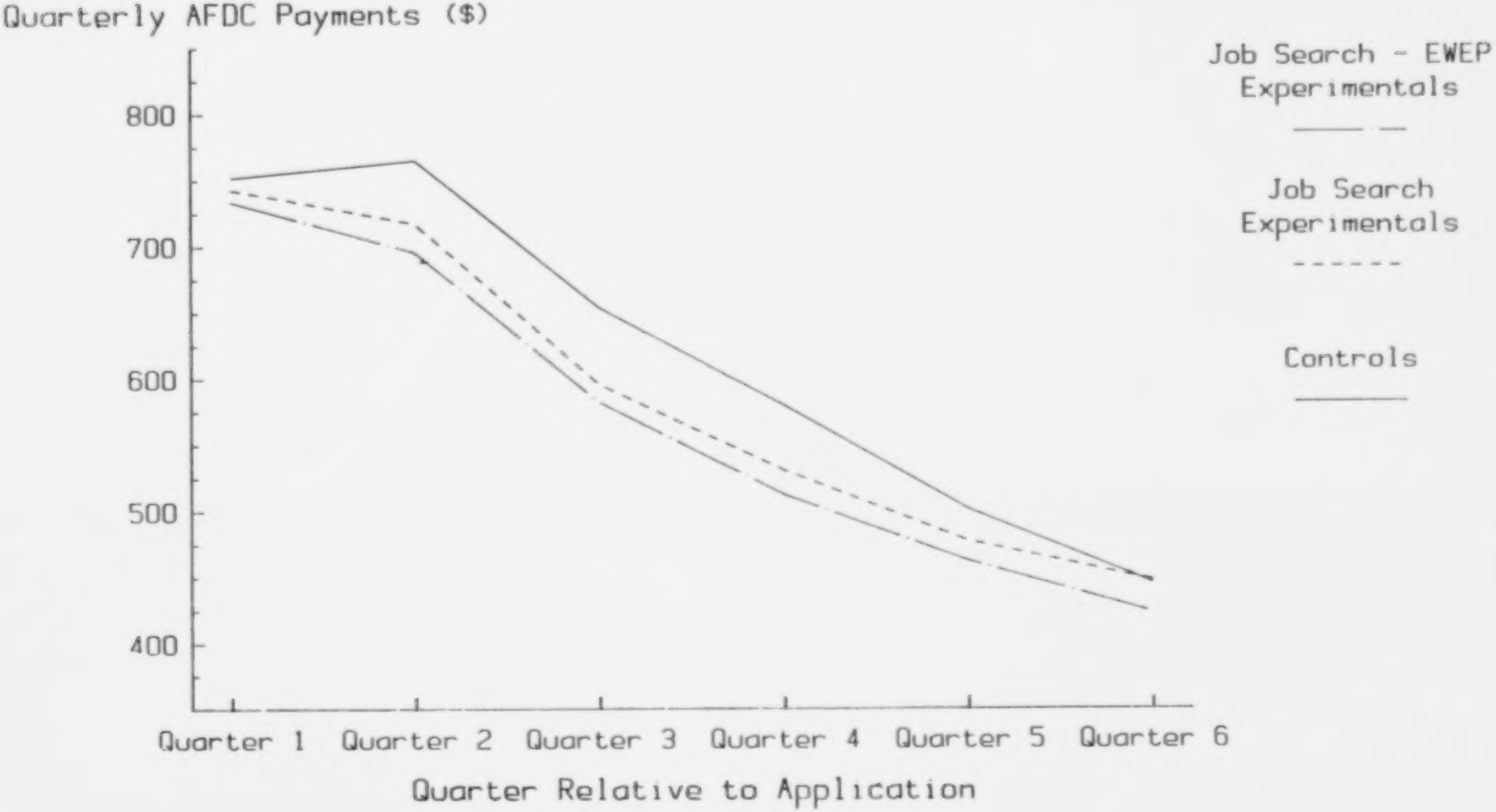
only experimentals showed quarterly earnings gains of $118 in quarters 2 and 3, but thereafter the increases disappeared. This seems to reflect this group's employment pattern, which declined sooner than that of the Job Search/EWEP sample. The drop was most pronounced for the later group of Job Search applicants, as discussed below.[7]

Table 3.2 and Figure 3.3 show trends in welfare receipt and average welfare payments over an 18-month follow-up. The summary measures -- "ever received a welfare payment" and "average total AFDC payments" -- are discussed first. As seen in the table, one notable finding is that a negligible reduction in welfare receipt for the Job Search/EWEP group was associated with a more pronounced and statistically significant reduction in welfare benefits ($288 -- about an 8 percent reduction from the control group mean of $3,697). This should not be surprising since AFDC grant calculation rules -- especially over the first four months of employment when the income disregard is in effect -- often result in grant reductions rather than terminations. (For AFDC's, even a sanctioning penalty deducts only the part of the grant directed to the person sanctioned.) The overall $203 reduction in payments for the Job Search only experimentals was not statistically significant.

Quarter-by-quarter, the table and figure show that the Job Search/EWEP program produced statistically significant grant reductions for as long as one year after welfare application, but that the impacts from the Job Search only program declined sooner; by the sixth quarter, there were no impacts at all. As seen in Figure 3.3, this reflects an earlier leveling off in the welfare payment reductions for this group compared to the Job Search/EWEP sample. Control group payments after quarter 2 also followed a

FIGURE 3.3

AFDC APPLICANTS: TRENDS IN QUARTERLY AFDC PAYMENTS (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)



SOURCE: See Table 3.2.

steady decline so that 18 months after welfare application, almost the same proportion of experimentals and controls -- a little over one-third -- were receiving welfare.

Confirming the findings of the second report, these data on welfare receipt lead to the conclusion that deterrence -- in the form of a participation requirement that might discourage persons from completing the welfare application process -- was not an important effect of either of the San Diego approaches for the AFDC group.[8] As noted in Chapter 1, in the design of the San Diego programs, county staff hoped that the job search requirement for applicants, as well as the EWEP work requirement, would deter a certain proportion of people from completing their applications. According to Table 3.2, the proportion of individuals who received welfare at some time during the follow-up period was virtually identical for the samples in both experimental programs and for the control group in the WIN Program. However, the data collected for this study do not address the broader question of whether the existence of the requirements deterred individuals from applying for welfare in the first place.

The relationship between earnings gains and welfare savings is another important issue to address. This relationship is always complex, but the findings in this study of larger earnings gains than welfare savings suggest that the San Diego results were consistent with the rules and procedures for grant calculations and sanctioning during this period. Several factors are relevant. First, under OBRA (which was in effect during most of the follow-up period), earnings do not reduce welfare grants on a dollar-for-dollar basis. (This was true in earlier periods as well.) For AFDC's, benefit levels are reduced by earnings only after child-care and work-related expenses are deducted and, for a limited period of time, a $30 plus 1/3 disregard on the remaining earnings.[9] In a separate special study of welfare grant calculations, it was found that, on average, for those simultaneously receiving welfare benefits and earnings, an additional dollar of earnings reduced the monthly grant amount by 56 cents.[10]

Second, the State of California has the second highest monthly payment standard in the country. During the period under study, the standard was $526 for a family of three, and on July 1, 1984 this was increased to $555. Thus, individuals in California can earn substantial amounts (or have unearned income such as Unemployment Insurance benefits) and still receive supplemental welfare payments.[11] Third, sanctioning does not remove all welfare assistance. For AFDC's, only the amount covering the needs of the person sanctioned is deducted from the family grant. (As Table 3.1 has indicated, sanctioning rates were considerably higher in the Job Search and the Job Search/EWEP programs than in the WIN Program with limited program services.)

In addition, a lag is expected in adjusting welfare grants in response to any employment or sanctioning activity. Paperwork flow and the possibility that not all of the earnings gains will be reported to the welfare system or that the welfare system will inadequately record reported changes are potential problems. Therefore, welfare savings are not expected to parallel employment and earnings gains exactly.

D. Impacts of the EWEP Add-On

To test San Diego planners' belief that the addition of work experience (EWEP) after job search (EPP) would have an incremental effect on participants' outcomes, the evaluation was designed to look at three possible ways in which EWEP could produce impacts. The work requirement could:

- Deter people from completing their welfare applications or change behavior in the job search workshops. That is, people would leave welfare (and hence leave or never participate in the program) to seek their own employment (or perhaps rejoin a spouse or remarry) in order to avoid the pending work requirement; or
- Deter people at the point of EWEP referral or at some time during their participation in that program. Again, people would leave welfare either when they heard about the work requirement or after they began working because they disliked the job or the requirement to work; or
- Have its own effect: that is, the treatment -- short-term work experience -- could fulfill its stated intention of improving the skills, work habits and records of participants and, as such, serve as an employment and training activity that helped people to improve their labor market positions.

One other possible EWEP effect could not be examined separately in this evaluation. Many have speculated that those holding jobs for which wages are not reported to the welfare system -- including "off the books" income not reported to the UI system -- would be "smoked out" by a participation obligation requiring substantial program activity. In other words, it would be impossible for these people to both participate (and thus collect welfare) and to work at the same time. To the extent that these jobs were already covered by the UI system, employment and earnings levels will not change.

This discussion begins by first comparing the outcomes for the two experimental programs to measure the incremental effects of the EWEP add-on. Table 3.3 shows the effects of the EWEP add-on for the full sample, indicating that, over the five-quarter follow-up period, EWEP

TABLE 3.3

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AFDC APPLICANTS: IMPACTS OF EWEP ADD-ON
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Job Search-EWEP	Job Search	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	61.0	60.5	+0.5
Average Number of Quarters With Employment, Quarters 2 - 6[a]	2.03	1.88	+0.15*
Ever Employed (%)			
Quarter of Application	35.5	32.9	+2.6
Quarter 2	35.6	37.2	-1.6
Quarter 3	40.2	36.9	+3.3*
Quarter 4	42.4	38.4	+4.0**
Quarter 5	42.9	37.9	+5.0**
Quarter 6	41.9	37.4	+4.5**
Average Total Earnings, Quarters 2 - 6 ($)[a]	3801.75	3352.96	+448.80**
Average Total Earnings ($)			
Quarter of Application	359.46	367.66	- 8.20
Quarter 2	509.51	486.60	+ 22.90
Quarter 3	700.95	656.04	+ 44.92
Quarter 4	809.58	668.89	+140.69***
Quarter 5	848.33	742.42	+105.91*
Quarter 6	933.39	799.01	+134.37**
Ever Received Any AFDC Payment, Quarters 1 - 6 (%)	83.9	85.2	-1.4
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	8.13	8.33	-0.20
Ever Received Any AFDC Payments (%)			
Quarter of Application	78.3	79.5	-1.2
Quarter 2	64.2	66.2	-2.0
Quarter 3	51.8	52.2	-0.4
Quarter 4	45.8	45.5	+0.4
Quarter 5	39.5	42.3	-2.8
Quarter 6	35.0	36.2	-1.2
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	3409.32	3494.05	-84.73
Average AFDC Payments Received ($)			
Quarter of Application	733.60	727.63	+ 5.97
Quarter 2	695.38	716.88	-20.87
Quarter 3	581.94	595.34	-13.39
Quarter 4	512.91	530.30	-17.39
Quarter 5	462.06	477.01	-14.95
Quarter 6	422.91	447.01	-24.10
Sample Size	1502	856	

SOURCE AND NOTES: See Table 3.2. Significance tests pertain to differences between Job Search-EWEP and Job Search.

produced an additional statistically significant earnings gain of $449 compared to the Job Search program alone. This gain was largest in the last three quarters, where a statistically significant employment increase was also evident. In contrast, welfare savings from the EWEP add-on were small and not statistically significant -- $85 over six quarters. Nevertheless, these savings were consistent and occurred in every quarter of follow-up after the application quarter.

These overall effects suggest that, on average, a program adding work experience after a job search component is more effective than a program offering job search alone. This finding, however, is highly sensitive to the date of the application. As will be qualified in Section E below, the additional EWEP earnings gain was caused almost entirely by the behavior of the later group of applicants -- those who applied for welfare after March 1983. (Similar to the second report findings, adding EWEP did not increase program effectiveness for the early applicant group; for them, both San Diego models produced similar impacts.) The positive finding for the EWEP add-on rests on the relatively worse employment and earnings performance of the later Job Search only group compared to that of the later Job Search/EWEP group. The record of the later Job Search group is discussed in more detail below.

It is important to interpret these data in the context of this report's findings on possible deterrence, as raised in the hypotheses posed at the beginning of this section. A key conclusion of this and prior reports is that, contrary to the expectations of many, the presence of a work requirement in San Diego did not affect the behavior of individuals prior to or during the workshops. The impacts discussed above and in

Section E are more likely to have occurred because of deterrence at the point of EWEP referral (or within that program) or because of the work experience treatment itself.

Several separate analyses support this conclusion. First, the second report found no evidence that deterrence occurred either right after welfare application or in the job search workshops. This report confirms that, over a longer follow-up, almost identical proportions of both experimental groups received welfare; quantitative and qualitative data also show that the experience of both groups in the workshops was similar. (See Appendix Tables C.3 and C.4.) In addition, information collected in a six-month survey of a subsample of experimentals and controls suggested that less than two-thirds of the Job Search/EWEP group were aware of a work requirement, and most learned about it only through their workshop participation.[12] Even then, interviews with program staff found that the requirement was only emphasized toward the end of the workshops, near the point of EWEP referral.[13]

A special analysis was conducted to ensure that the incremental earnings effects for the EWEP add-on primarily reflected the behavior of only those referred to the activity and not the small numbers of people who were aware of the requirement during the workshops. In this analysis, the impacts of EWEP for workshop "completers" (i.e., those who finished the workshops without finding a job) and for "noncompleters" or "others" (i.e., the nonregistrants, individuals never assigned to the workshops, no-shows and dropouts, as well as those who found jobs while in the workshops), were calculated separately.[14] There was very little EWEP effect on the "noncompleters" but fairly substantial employment effects on the job search workshop completers, although this did vary according to application period. Appendix Table C.7 indicates that for completers (those most likely to be referred to work experience), EWEP increased the employment (10 percentage points) and earnings ($947) compared to the Job Search only group over the five-quarter follow-up period. These findings were less pronounced for the later applicants.[15] The welfare impacts were less clear-cut, but overall, the evidence appears to suggest that the EWEP add-on effects can be mostly attributed to completers without a job. The impacts most likely resulted from a change in behavior at the point of EWEP referral or during that program (i.e., deterrence) or because work experience itself was a beneficial activity, helping participants in the labor market. Unfortunately, the two possibilities cannot be separated out in this evaluation.

E. Impacts by Application Period

Evaluations of other welfare employment programs have suggested that program impacts may vary for samples enrolled at different periods in time and may also differ depending on labor markets, characteristics of the research sample and program practices.[16] Such is the case in this evaluation, where impacts seem strongly related to the period in which sample members applied for welfare.

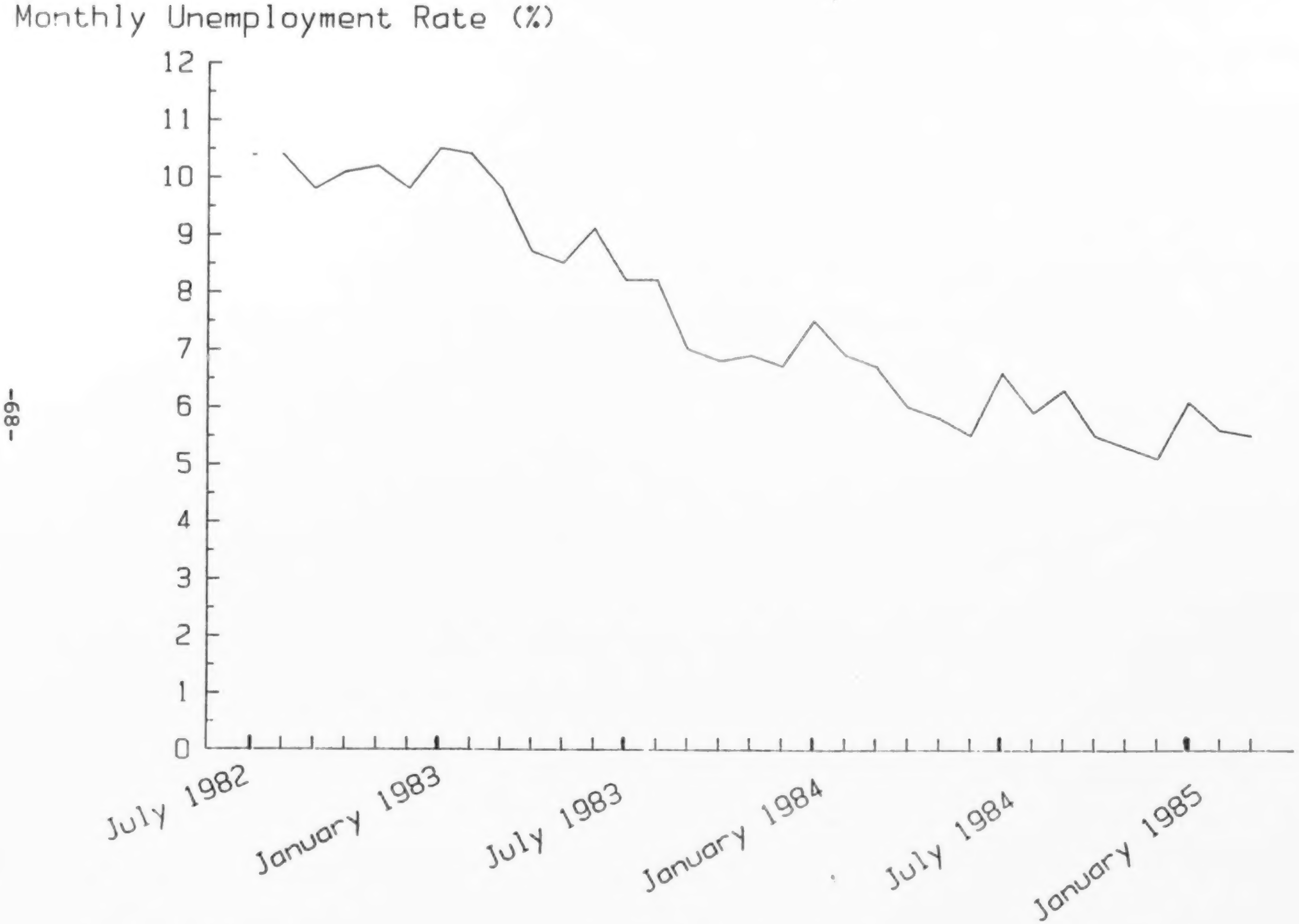
People applied for welfare during the early part of the demonstration -- October 1982 through March 1983 -- in the midst of a severe economic recession. Later applicants -- the April through August 1983 group -- entered the sample at the beginning of an economic upturn. The unemployment rate in San Diego peaked at 10.5 percent in January 1983, but by

August of that year, it had dropped to 8.2 percent. A year later, it had further declined to 6 percent. (See Figure 3.4.) The state of the economy thus determined, at least in part, who needed and applied for welfare and who entered the sample. Individuals applying in the later months appeared somewhat less "employable," as defined in terms of work history, compared to those in the early sample. The more "employable" individuals who needed to apply for welfare in the early period probably would have been working, had labor market conditions been better. They most likely were working in the later period. (Sample characteristics are discussed in more detail in Chapter 2.)

Yet, despite the lower employability of the later applicants, this group had one labor market advantage over the earlier applicants: a growing number of job opportunities, making it easier for them to find employment, even without program assistance. As indicated in Figure 3.5, the controls applying in the later period had slightly lower levels of employment and earnings in the quarters just prior to welfare application than their earlier counterparts. But these later control applicants soon exceeded the employment levels of the earlier controls who had to job hunt in a weaker economy. This pattern of differences was not as pronounced in the welfare statistics, however, as seen in Figure 3.6.

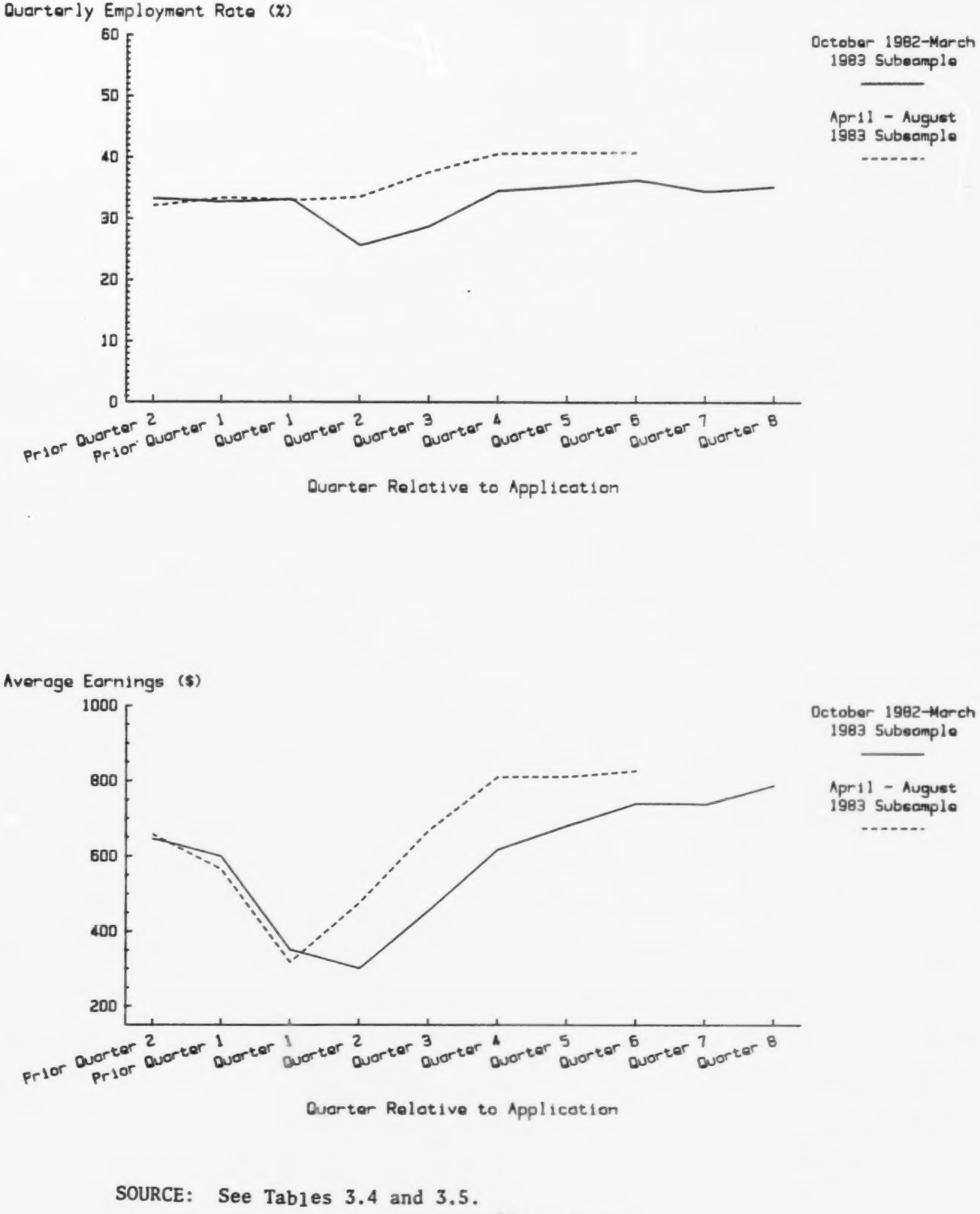
Tables 3.4 and 3.5 and Figure 3.7 compare the outcomes of controls to experimentals in both application periods. The most striking finding is the large difference in earnings impacts for the Job Search group between application periods. Over the five-quarter follow-up period, the later applicants in the Job Search/EWEP group recorded a comfortable earnings gain -- $623 compared to $719 for the earlier applicants -- but the later

FIGURE 3.4
TRENDS IN MONTHLY UNEMPLOYMENT RATE
(JULY 1982 - MARCH 1985)



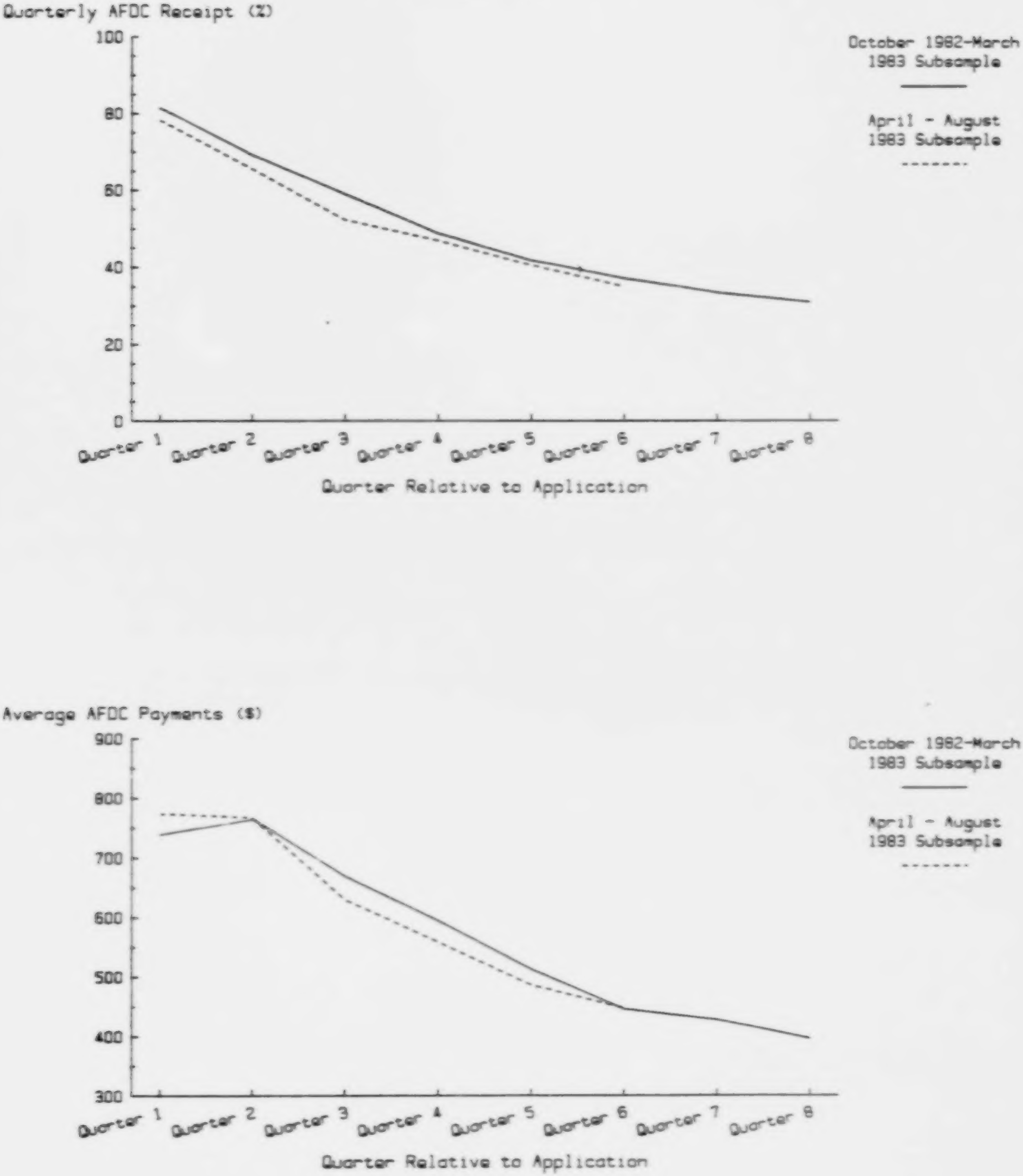
SOURCE: Bureau of Labor Statistics, Local Area Unemployment Statistics

FIGURE 3.5
AFDC CONTROLS: QUARTERLY TRENDS IN EMPLOYMENT RATES AND AVERAGE EARNINGS



SOURCE: See Tables 3.4 and 3.5.

FIGURE 3.6
AFDC CONTROLS: QUARTERLY TRENDS IN AFDC RECEIPT AND AVERAGE PAYMENTS



SOURCE: See Tables 3.4 and 3.5.

TABLE 3.4

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP, BY APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP					
	October 1982 - March 1983			April - August 1983		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 [%][a]	60.2	53.7	+ 6.5**	62.1	58.0	+ 4.1
Ever Employed, Quarters 2 - 8 [%][a]	64.9	60.7	+ 4.2*	n/a	n/a	n/a
Ever Employed [%]						
Quarter of Application	33.6	33.2	+ 0.4	38.3	33.0	+ 5.3*
Quarter 2	32.8	25.8	+ 7.0***	39.8	33.6	+ 6.2**
Quarter 3	38.1	28.9	+ 9.2***	43.1	37.7	+ 5.3*
Quarter 4	41.4	34.6	+ 6.8***	43.9	40.7	+ 3.2
Quarter 5	42.2	35.4	+ 6.8***	43.8	40.8	+ 3.0
Quarter 6	39.6	36.4	+ 3.2	45.2	40.8	+ 4.5
Quarter 7	40.4	34.4	+ 6.0**	n/a	n/a	n/a
Quarter 8	39.6	35.3	+ 4.3*	n/a	n/a	n/a
Average Total Earnings, Quarters 2 - 6 [$][a]	3507.49	2788.81	+ 718.68***	4218.74	3596.02	+622.72*
Average Total Earnings, Quarters 2 - 8 [$][a]	5324.26	4323.72	+1000.54**	n/a	n/a	n/a
Average Total Earnings [$]						
Quarter of Application	356.86	349.28	+ 7.58	362.65	317.26	+ 45.39
Quarter 2	432.42	301.35	+131.06**	618.57	475.86	+142.71**
Quarter 3	627.41	456.17	+171.24***	805.69	668.10	+137.59*
Quarter 4	746.37	617.29	+129.08*	699.48	611.27	+ 88.21
Quarter 5	832.32	676.38	+155.94**	670.88	612.50	+ 58.38
Quarter 6	868.97	737.61	+131.36*	1024.12	828.29	+195.83**
Quarter 7	885.68	737.55	+148.12*	n/a	n/a	n/a
Quarter 8	927.09	789.45	+137.65*	n/a	n/a	n/a
Ever Received Any AFDC Payments, Quarters 1 - 6 [%]	83.6	85.3	- 1.7	84.2	82.7	+ 1.5
Ever Received Any AFDC Payments, Quarters 1 - 8 [%]	83.9	86.1	- 2.2	n/a	n/a	n/a
Ever Received Any AFDC Payments [%]						
Quarter of Application	76.6	81.5	- 4.9**	80.4	78.2	+ 2.2yy
Quarter 2	64.7	69.0	- 4.3*	63.5	65.4	- 1.9
Quarter 3	53.8	58.7	- 4.9*	48.7	52.2	- 3.4
Quarter 4	47.6	48.6	- 1.0	43.4	46.8	- 3.4
Quarter 5	40.4	41.6	- 1.2	38.1	40.4	- 2.3
Quarter 6	36.4	37.0	- 0.5	32.9	34.9	- 2.0
Quarter 7	33.5	33.3	+ 0.2	n/a	n/a	n/a
Quarter 8	30.2	30.9	- 0.7	n/a	n/a	n/a
Average Total AFDC Payments Received, Quarters 1 - 6 [$]	3436.01	3721.53	-285.52*	3369.51	3658.03	--288.52
Average Total AFDC Payments Received, Quarters 1 - 8 [$]	4215.64	4545.83	-330.19	n/a	n/a	n/a
Average AFDC Payments Received [$]						
Quarter of Application	719.18	739.15	- 19.97	754.91	773.31	- 18.39
Quarter 2	687.82	764.80	- 76.98**	708.50	768.42	- 59.92
Quarter 3	604.39	668.42	- 64.03*	549.75	628.62	- 78.87*
Quarter 4	534.02	593.26	- 59.24*	482.74	557.78	- 75.04*
Quarter 5	469.92	511.56	- 41.64	450.30	485.14	- 34.84
Quarter 6	420.69	444.55	- 23.86	425.31	446.77	- 21.46
Quarter 7	402.87	426.41	- 23.54	n/a	n/a	n/a
Quarter 8	366.21	395.27	- 29.07	n/a	n/a	n/a
Sample Size	879	536		623	338	

(continued)

TABLE 3.4 (continued)

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance records from the EPP Information System.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

Only 18 months of follow-up is available for the later applicants.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE 3.5

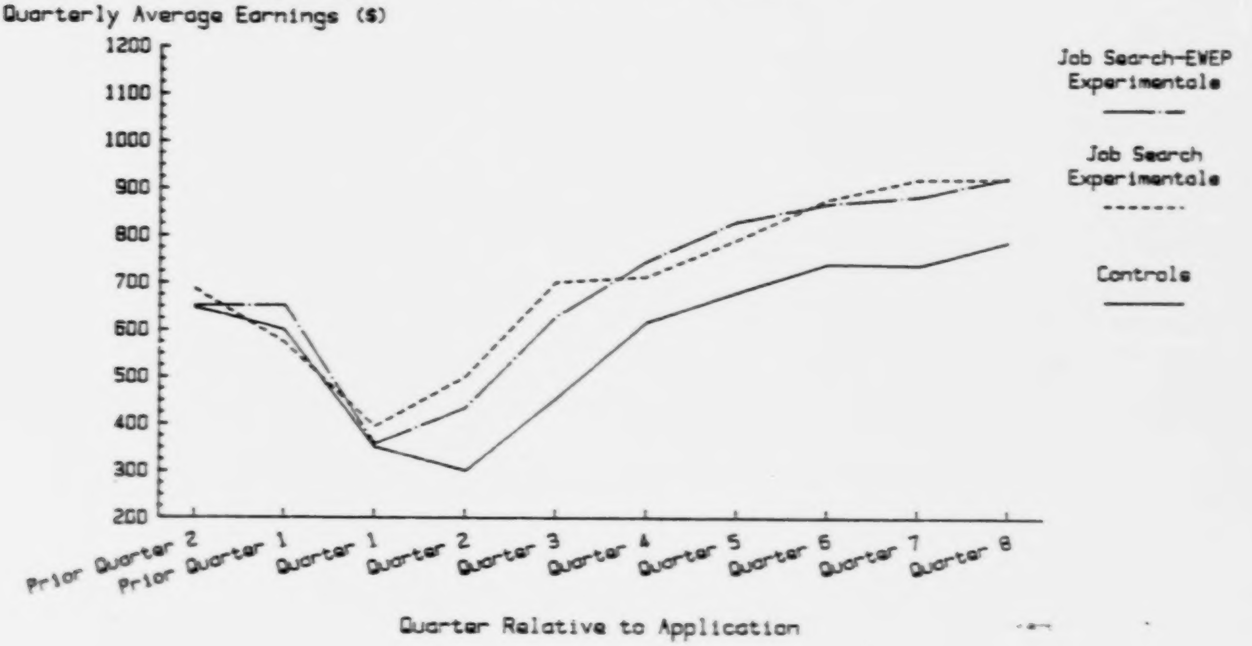
AFDC APPLICANTS: IMPACTS OF JOB SEARCH, BY APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search					
	October 1982 - March 1983			April - August 1983		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 [%][a]	59.9	53.7	+ 6.2**	61.4	58.0	+ 3.4
Ever Employed, Quarters 2 - 8 [%][a]	65.9	60.7	+ 5.3*	n/a	n/a	n/a
Ever Employed [%]						
Quarter of Application	32.5	33.2	- 0.7	33.7	33.0	+ 0.7
Quarter 2	35.9	25.8	+10.1***	39.6	33.6	+ 6.0*
Quarter 3	36.9	28.9	+ 8.0***	36.9	37.7	- 0.8y
Quarter 4	39.4	34.5	+ 4.9*	36.9	40.7	- 3.8y
Quarter 5	37.9	35.4	+ 2.5	37.9	40.9	- 3.0
Quarter 6	39.3	36.4	+ 2.9	34.2	40.8	- 6.5*yy
Quarter 7	39.4	34.4	+ 5.0*	n/a	n/a	n/a
Quarter 8	38.8	35.3	+ 3.5	n/a	n/a	n/a
Average Total Earnings, Quarters 2 - 6 [$][a]	3606.04	2788.81	+817.23***	2926.35	3596.02	-669.67*yyy
Average Total Earnings, Quarters 2 - 8 [$][a]	5438.49	4323.72	+1114.77**	n/a	n/a	n/a
Average Total Earnings [$]						
Quarter of Application	393.12	349.28	+ 43.84	325.60	317.26	+ 8.34
Quarter 2	501.61	301.36	+ 200.25***	460.77	475.85	- 15.08yy
Quarter 3	705.16	456.17	+ 248.99***	572.31	668.10	- 95.79yyy
Quarter 4	716.78	617.29	+ 99.49	587.61	811.27	-223.66**yyy
Quarter 5	797.23	676.39	+ 120.84	650.75	812.50	-161.76yy
Quarter 6	885.27	737.61	+ 147.66*	654.91	828.29	-173.38yy
Quarter 7	923.21	737.55	+ 185.66**	n/a	n/a	n/a
Quarter 8	923.73	789.45	+ 134.28	n/a	n/a	n/a
Ever Received Any AFDC Payments, Quarters 1 - 6 [%]	85.2	85.3	- 0.1	85.2	82.7	+ 2.5
Ever Received Any AFDC Payments, Quarters 1 - 8 [%]	85.8	86.1	- 0.3	n/a	n/a	n/a
Ever Received Any AFDC Payments [%]						
Quarter of Application	79.8	81.5	- 1.7	79.0	78.2	+ 0.8
Quarter 2	66.6	69.0	- 2.4	65.9	65.4	+ 0.3
Quarter 3	52.5	58.7	- 6.2**	51.6	52.2	- 0.6
Quarter 4	46.3	48.6	- 2.3	44.2	46.8	- 2.6
Quarter 5	42.3	41.6	+ 0.7	42.3	40.4	+ 1.9
Quarter 6	36.8	37.0	- 0.2	35.2	34.9	+ 0.3
Quarter 7	33.1	33.3	- 0.2	n/a	n/a	n/a
Quarter 8	30.6	30.8	- 0.2	n/a	n/a	n/a
Average Total AFDC Payments Received, Quarters 1 - 6 [$]	3539.15	3721.53	-182.38	3421.59	3659.03	-237.44
Average Total AFDC Payments Received, Quarters 1 - 8 [$]	4296.25	4545.83	-249.57	n/a	n/a	n/a
Average AFDC Payments Received [$]						
Quarter of Application	732.66	739.15	- 6.49	719.95	773.31	- 53.36
Quarter 2	714.55	764.60	- 50.06	719.82	766.42	- 46.60
Quarter 3	611.84	668.42	- 56.58	568.59	629.62	- 61.03
Quarter 4	549.25	593.26	- 44.01	499.24	557.77	- 58.53
Quarter 5	488.53	511.56	- 23.03	458.69	485.14	- 26.45
Quarter 6	442.37	444.55	- 2.18	455.30	446.78	+ 8.52
Quarter 7	396.60	426.41	- 29.81	n/a	n/a	n/a
Quarter 8	380.40	395.27	- 14.87	n/a	n/a	n/a
Sample Size	536	535		320	338	

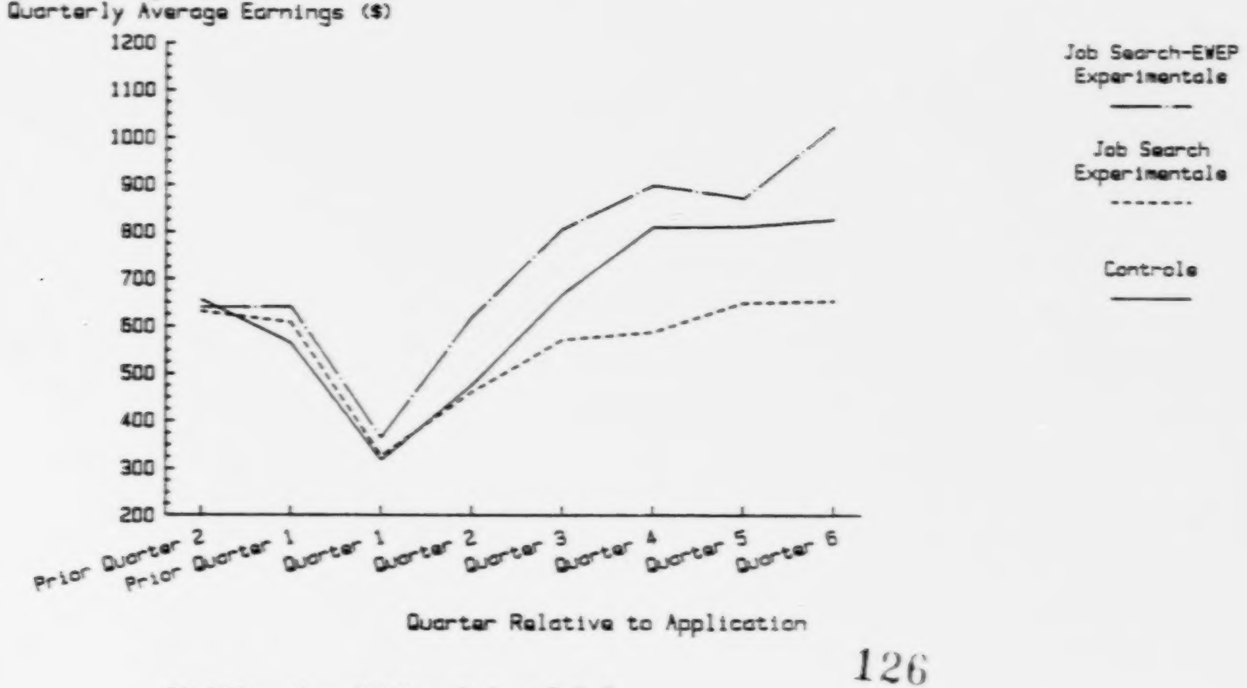
SOURCE AND NOTES: See Table 3.4.

FIGURE 3.7
AFDC APPLICANTS: TRENDS IN AVERAGE EARNINGS, BY APPLICATION PERIOD

OCTOBER 1982 - March 1983



April - August 1983



SOURCE: See Tables 3.4 and 3.5.

Job Search only applicants had a very different experience. The earlier applicants' significant earnings gain of $817 completely disappeared in the later period, and the later Job Search applicants registered a statistically significant $670 loss in earnings. This later Job Search performance thus had a marked influence on the size of the overall average impacts for the Job Search program alone as a whole as well as the EWEP add-on. (See Tables 3.2 and 3.3.)

To measure the incremental effect of EWEP, Table 3.6 compares the outcomes of each experimental program to the other by application period. The table indicates that, for the early enrollees, the differences between the two programs were not statistically significant, although there were slight losses in earnings and small welfare savings for the EWEP add-on model. However, the variation in employment and particularly earnings between the two groups becomes dramatic in the later period as large and statistically significant differences develop. It is thus important to bear in mind that the EWEP earnings effects for the full sample (Table 3.3) have not been stable over time, and have stemmed from this later gain, although, as discussed above, the gain is particularly large because of the poor performance of the Job Search only group.

There is no clear reason for the performance of the later Job Search group in the last half of the follow-up, particularly since welfare behavior did not change significantly from the earlier period. The key question is: Can the difference in earnings impacts between the two samples in the different time periods be related to specific factors, such as changes in the labor market or program content of either the job search workshop or EWEP; or is the difference simply a statistical aberration? As

TABLE 3.6

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AFDC APPLICANTS: IMPACTS OF EWEP ADD-ON, BY APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Quarter	October 1982 - March 1983			April - August 1983		
	Job Search-EWEP	Job Search	Difference	Job Search-EWEP	Job Search	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	60.2	59.9	+ 0.3	62.1	61.4	+ 0.7
Ever Employed, Quarters 2 - 8 (%)[a]	64.8	65.9	- 1.1	n/a	n/a	n/a
Ever Employed (%)						
Quarter of Application	33.5	32.5	+ 1.0	38.3	33.7	+ 4.7
Quarter 2	32.6	35.8	- 3.2	39.8	39.6	+ 0.2
Quarter 3	38.1	36.9	+ 1.2	43.1	36.9	+ 6.2*
Quarter 4	41.4	39.4	+ 2.0	43.9	36.9	+ 7.0**
Quarter 5	42.2	37.9	+ 4.3*	43.9	37.9	+ 6.0*
Quarter 6	39.6	39.3	+ 0.3	45.2	34.2	+11.0***yyy
Quarter 7	40.4	39.4	+ 1.0	n/a	n/a	n/a
Quarter 8	39.6	38.8	+ 0.8	n/a	n/a	n/a
Average Total Earnings, Quarters 2 - 6 ($)[a]	3507.49	3606.04	- 98.55	4218.74	2926.35	+1292.39***yyy
Average Total Earnings, Quarters 2 - 8 ($)[a]	5324.26	5438.48	- 114.22	n/a	n/a	n/a
Average Total Earnings ($)						
Quarter of Application	356.96	393.12	- 36.16	362.65	325.60	+ 37.05
Quarter 2	432.42	501.61	- 69.19	618.57	460.77	+ 157.79**yyy
Quarter 3	627.41	705.16	- 77.75	805.68	572.31	+ 233.37***yyy
Quarter 4	746.37	716.78	+ 29.59	899.48	587.61	+ 311.87***yyy
Quarter 5	832.32	797.23	+ 35.10	870.89	650.75	+ 220.14**
Quarter 6	868.97	885.27	- 16.30	1024.12	654.91	+ 369.21***yyy
Quarter 7	885.66	923.21	- 37.54	n/a	n/a	n/a
Quarter 8	927.09	923.73	+ 3.36	n/a	n/a	n/a

(continued)

TABLE 3.6 [continued]

Outcome and Follow-Up Quarter	October 1982 - March 1983			April - August 1983		
	Job Search-EWEP	Job Search	Difference	Job Search-EWEP	Job Search	Difference
Ever Received Any AFDC Payments, Quarters 1 - 6 [%]	83.6	85.2	- 1.6	84.2	85.2	- 1.0
Ever Received Any AFDC Payments, Quarters 1 - 8 [%]	83.8	85.7	- 1.9	n/a	n/a	n/a
Ever Received Any AFDC Payments [%]						
Quarter of Application	76.8	79.8	- 3.0	80.4	79.0	+ 1.4
Quarter 2	64.7	66.5	- 1.8	63.5	65.8	- 2.3
Quarter 3	53.8	52.5	+ 1.3	48.7	51.6	- 2.8
Quarter 4	47.6	46.3	+ 1.2	43.4	44.2	- 0.7
Quarter 5	40.4	42.3	- 1.9	38.1	42.3	- 4.2
Quarter 6	36.4	36.8	- 0.4	32.9	35.2	- 2.3
Quarter 7	33.5	33.1	+ 0.4	n/a	n/a	n/a
Quarter 8	30.2	30.6	- 0.4	n/a	n/a	n/a
Average Total AFDC Payments Received, Quarters 1 - 6 [$]	3436.01	3539.18	-103.17	3369.51	3421.59	- 52.08
Average Total AFDC Payments Received, Quarters 1 - 8 [$]	4215.64	4296.25	- 80.62	n/a	n/a	n/a
Average AFDC Payments Received [$]						
Quarter of Application	719.18	732.66	- 13.48	754.81	719.85	+ 34.96
Quarter 2	687.62	714.55	- 26.93	706.50	719.82	- 13.32
Quarter 3	604.38	611.82	- 7.44	549.75	568.59	- 18.84
Quarter 4	534.02	549.25	- 15.23	482.74	499.24	- 16.51
Quarter 5	469.92	488.53	- 18.61	450.30	458.69	- 8.39
Quarter 6	420.89	442.37	- 21.48	425.31	455.30	- 29.98
Quarter 7	402.87	396.60	+ 6.27	n/a	n/a	n/a
Quarter 8	366.21	380.40	- 14.19	n/a	n/a	n/a
Sample Size	879	536		823	320	

SOURCE AND NOTES: See Table 3.4.

just noted, there is some evidence to suggest that the Job Search group did in fact perform poorly, and that there may have been an EWEP add-on effect during the later application period. The losses in earnings for the later Job Search group, however, may not be of the magnitude reported here. A few hypotheses can be posed to try to account for this group's behavior, but there is little hard evidence to inform them.

One hypothesis is that there were either computational errors or errors in assembling the earnings data. Extensive review of the quality of the earnings records and related computational methods indicated that these findings were not the result of data errors. Appendix E presents a description of these data quality checks.

Another hypothesis is that the program models and/or the program's operational performance changed substantially over this period. As discussed in the previous section, there is no evidence to support this; Appendix Tables C.3 and C.4 indicate no major differences in program activity levels for either research group or application period, and interviews with program staff suggest no operational changes of importance.

Other hypotheses are more closely linked to the labor market. As noted above, labor market conditions changed, as did the applicants' characteristics, over the demonstration period.[17] Later applicants had less of a work history, but came into the sample and began job search during a better economy than earlier applicants. Thus, one possibility is that job search workshops may be less effective in strong labor markets than in weak ones. Previous studies, for example, have shown that group job search moves individuals into entry-level, low-wage jobs as a first step into the labor market and that these jobs are similar to those usually found without special assistance. However, in an improving labor market, people left to their own devices -- especially those with recent labor market experience -- may have more effective ways of finding employment or methods that lead to better quality jobs. If required to participate in a job search program, they might forego these alternative methods and rely on the program to produce job opportunities. Thus, while both those in the workshops and those on their own find jobs in good labor markets, the types of jobs may differ. An analysis of earnings impacts for those with and without recent prior work history indicates that the largest loss in earnings and the largest reduction in quarters worked is experienced by those with a recent work history. (See Section H and Appendix Table C.11.)

A related hypothesis deals with job loss. The data were carefully examined to determine if the later Job Search and Job Search/EWEP applicants, once employed, appeared to remain so. For both groups, the main employment surge took place in quarter 2, but the later Job Search group did not hold their jobs to the same extent as their Job Search/EWEP counterparts. Appendix Table C.8 shows that the majority of applicants who ever worked during follow-up had jobs by the quarter after application. Both programs resulted in substantial and statistically significant increases in the proportion holding jobs in quarter 2 but virtually no effect on finding jobs after that quarter. As seen in Appendix Table C.9, the later Job Search group experienced more job losses between quarters 2 and 6 than controls (by a statistically significant 11 percentage points), while the later Job Search/EWEP group's job loss compared to controls was only a nonsignificant 3 percentage points. Therefore, some part of the poorer earnings performance of the later Job Search group is due to their greater job loss and subsequent tendency to stay out of the labor market: those employed in quarter 2 show a higher propensity to be unemployed in quarter 6. Further, there was also a slight but not statistically significant increase in the proportion of those returning to the welfare rolls among the later Job Search group, as seen in Appendix Table C.15.

Another possible explanation is that, in better labor markets, work experience of the short-term type offered by EWEP is particularly helpful for applicants with a poor work record. In fact, there may be a complicated interaction between good labor markets and an inexperienced welfare population that can explain why additional program assistance, beyond job search instruction and support, is needed for some people to make demonstrable gains in the labor market.

Any of the possibilities seem reasonable and in fact it may have been several working together, along with random chance and other factors, that combined to produce this large difference in earnings effects across application periods for the Job Search group.

F. Do Impacts Decline or Increase Over Time?

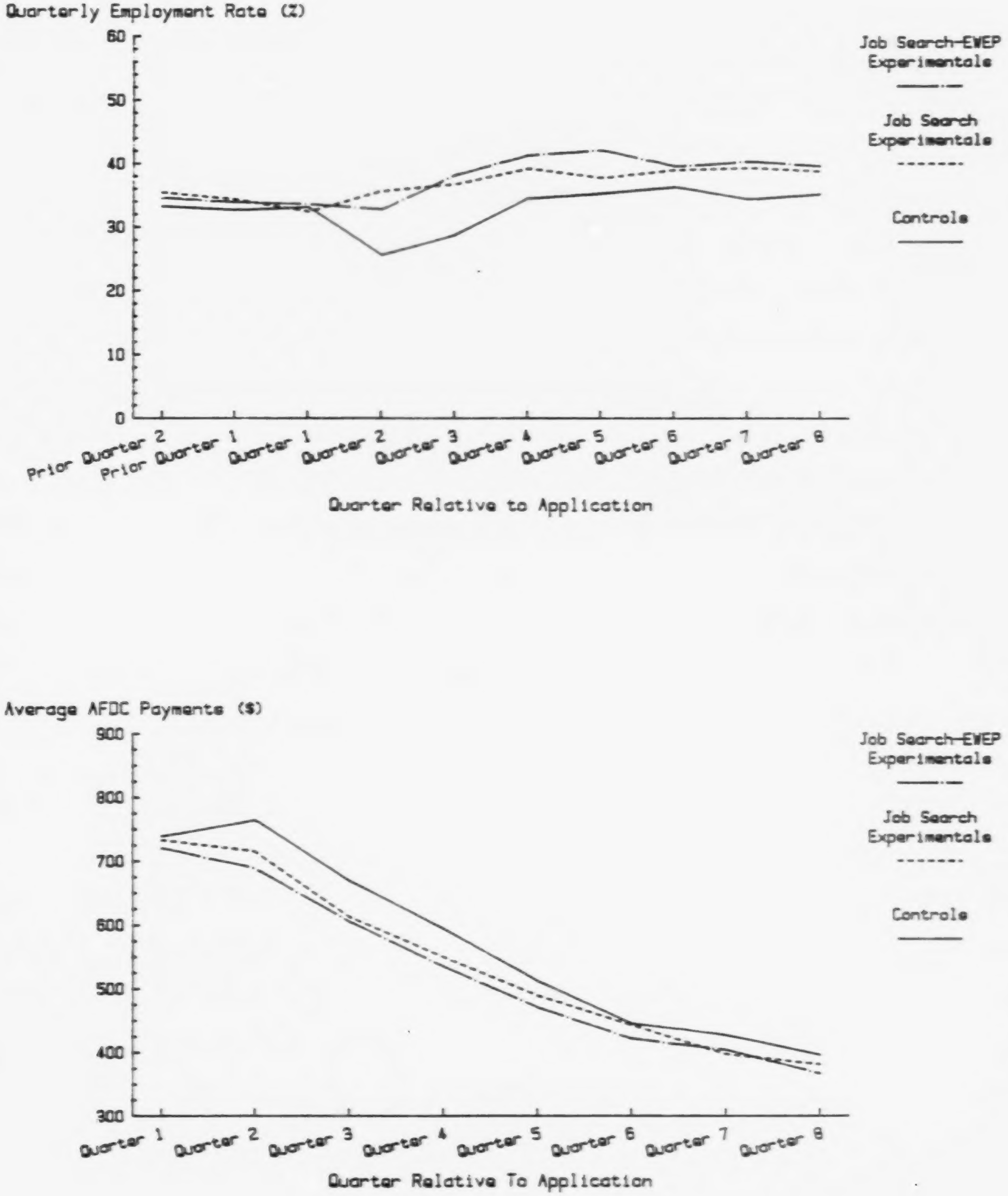
This section will draw together the various impact trends, both those for the full sample and those by application period, to focus on the consistency and stability of the observed impacts. To examine how these impacts might hold up over time, two additional quarters of data were analyzed for an early applicant group -- those applying during the October 1982 through the March 1983 period. (See Figure 3.8.) These data will be referred to when appropriate.

Data for the full sample (Table 3.2) suggest that the Job Search/EWEP

FIGURE 3.8

AFDC APPLICANTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS

(OCTOBER 1982 - MARCH 1983 IMPACT SAMPLE)



SOURCE: See Tables 3.4 and 3.5.

employment and earnings impacts were fairly stable throughout the demonstration period, but that this was not true for the Job Search group, whose overall trend was strongly influenced by the experience of the later applicant group. For both program models, there were notable welfare reductions during the year after welfare application, but thereafter the welfare reductions became smaller, particularly for the Job Search group.

When the impacts are observed in more detail, quarter-by-quarter, it is clear that employment and earnings gains for the Job Search/EWEP group persisted and were statistically significant over the five quarters of follow-up, with some drop after quarter 3. By quarter 6, the employment rate was higher than controls by 4 percentage points and the earnings had risen by $161. Despite some differences between the early and later Job Search/EWEP groups, Table 3.4 and Figure 3.8 show that similar levels of impacts continued for an additional two quarters of follow-up.

In contrast, Job Search alone produced large and statistically significant improvements in employment and earnings only in the first two quarters of follow-up; after these quarters, there was a marked decline in both measures. By the sixth quarter of follow-up, there was no employment impact and the earnings difference had stabilized at a low level -- $27 per experimental -- a figure that is not statistically significant.

An examination of the Job Search group shows the diversity by application period. For the early group of applicants -- the focus of the second report -- there were positive employment and earnings improvements for as long as seven quarters after application, although the gains became somewhat lower in the later quarters. During the eighth quarter, there was a 3.5 percentage point increase in the proportion working, and an earnings gain of $134, although neither was statistically significant. (Table 3.5 and Figure 3.8.) In contrast, the later group of Job Search applicants experienced net losses in earnings which, although not statistically significant, did continue through the sixth quarter, despite the initial increase in the proportion of later applicants working. The Job Search impact trend is thus very sensitive to the timing of application and not at all stable, although, as seen in Table 3.5, employment impacts in the additional two quarters of follow-up seemed to be steadier for the early sample.

As noted previously, welfare savings in both programs were modest but reached their highest points in quarters 2, 3 and 4. The impacts thereafter stabilized at a low level. There is some suggestion in the eight-quarter follow-up of the early applicant sample that small welfare reductions may continue to occur for both program models. In support of these findings, Table 3.2 shows that, in quarters 2 through 4, Job Search/EWEP payments declined by between $67 and $72, while the Job Search only reductions were slightly lower. The reductions were nevertheless statistically significant until quarter 5 when the impacts became smaller and, for the Job Search group, disappeared. Figure 3.8, however, shows that over the longer follow-up for the early sample, small and not statistically significant welfare reductions continued for both programs. The timing of the welfare application did not appear to affect the welfare receipt and payments of either group.

To obtain an additional reading on longer-term impacts, earnings gains and welfare reductions were estimated for the combined last two quarters of data available for each application period. For the earliest applicants

(October 1982 through December 1982), these were quarters 8 and 9, counting from the quarter of random assignment; for those applying in July and August 1983, quarters 5 and 6 only. Despite the difference in the relative quarters used for each individual, these estimates have the advantage of using the full sample and the last available follow-up data. Estimates for these final quarters (in unadjusted form) have been used in the benefit-cost analysis (Chapter 5) as the base from which to project total earnings gains and welfare savings up to five years following random assignment.

The adjusted control group average of earnings for the last two follow-up quarters is $1,592. From this baseline, gains of $289 and $74 were experienced, respectively, by the Job Search/EWEP and Job Search groups, with only the former statistically significant. The corresponding welfare reductions were $44 and $15 (neither statistically significant) on a control group AFDC payment base of $829 for the last two quarters combined.

G. Impacts on Other Income Sources

The previous discussion has addressed the San Diego programs' effects on two important sources of income for sample members: welfare receipt and the applicants' own earnings. However, as indicated in the second report, applicants may be beneficiaries of other cash and in-kind income which they themselves may receive, or which immediate family members or other individuals living either in or outside of their households may receive.[18] Except for Unemployment Insurance compensation, information on other income sources is available from a survey conducted by MDRC with a random subsample of experimentals and controls six months after welfare application. Some survey results were included in the second report, but at that time, administrative records data on UI benefits were not available for the full sample.[19]

The survey data confirmed that welfare receipt and applicants' earnings were the most important income sources for both the applicants and their families, accounting for more than three-quarters of all income reported by the applicants and 70 percent of all family income. The data also show that Food Stamps and Unemployment Insurance compensation were the next most important sources, at least during the sixth month after application.

With administrative records on UI benefits now available for the full sample for at least 18 months, this section reports on two issues: the extent to which the San Diego programs affected receipt of UI compensation, and -- using welfare, earnings and benefits data -- program impacts on measured income.

1. Unemployment Insurance Benefits

During the quarter of application, almost one-quarter of the AFDC applicants -- both experimentals and controls -- received some Unemployment Insurance compensation, but by the sixth quarter only 5 to 6 percent did so. (See Table 3.7.) Generally, neither program affected this pattern nor the size of the payments throughout the follow-up period, although there were small and positive but not statistically significant increases in the level of benefits paid to the Job Search group ($67 over 18 months). This was due to the later Job Search applicants, who received slightly more over the 18 months ($97) than the earlier group ($38), as indicated in Appendix

TABLE 3.7

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON UNEMPLOYMENT INSURANCE BENEFITS

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Ever Received UI Benefits, Quarters 1 - 6 (%)	27.0	26.3	+ 0.7	28.0	26.3	+ 1.7
Average Number of Months with UI Benefits, Quarters 1 - 6	1.34	1.38	- 0.04	1.50	1.38	+ 0.13
Ever Received UI Benefits (%)						
Quarter of Application	20.7	19.9	+ 0.8	21.4	19.9	+ 1.5
Quarter 2	14.1	14.1	- 0.1	15.0	14.1	+ 0.9
Quarter 3	10.1	10.9	- 0.8	10.9	10.8	+ 0.1
Quarter 4	7.5	8.2	- 0.7	9.7	8.2	+ 1.4
Quarter 5	6.2	5.5	+ 0.7	6.9	5.5	+ 1.4
Quarter 6	4.6	5.6	- 1.0	5.9	5.6	+ 0.3
Average Total UI Benefits, Quarters 1 - 6 ($)	449.05	453.62	- 4.57	520.29	453.62	+66.66
Average Total UI Benefits ($)						
Quarter of Application	143.13	148.74	- 5.61	156.52	148.74	+ 7.78
Quarter 2	117.23	126.40	- 9.18	134.53	126.41	+ 8.12
Quarter 3	80.79	71.15	+ 9.64	88.05	71.15	+16.90
Quarter 4	46.77	43.21	+ 3.56	55.25	43.21	+12.03
Quarter 5	32.87	32.32	+ 0.55	44.52	32.32	+12.20
Quarter 6	28.26	31.79	- 3.53	41.43	31.79	+ 9.63
Sample Size	1502	873		856	873	

SOURCE: MDRC calculations from UI Benefits records from the State of California.

NOTES: The first month of the quarter of application is the month in which an individual was randomly assigned. These data include zero values for sample members not receiving UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. Regression controls also include prior UI benefit receipt. There may be some discrepancies in calculating sums and differences due to rounding.

None of the differences between the indicated experimental and control groups are statistically significant at the 10 percent level using a two-tailed t-test.

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Table C.10. Other than this, early and later applicants exhibited fairly similar patterns of UI receipt.

2. Measured Income

To obtain a measure of total income that included the three major income sources -- welfare payments, earnings and UI benefits -- information from monthly AFDC and UI benefits records were aggregated into three-month calendar quarters to match the UI earnings quarterly periods. Table 3.8 indicates that the Job Search/EWEP sequence improved total income by the statistically significant amount of $464 over the five-quarter follow-up. The increase for the Job Search program was lower and not statistically significant ($159).

The greater improvement for the Job Search/EWEP group reflects in part this group's smaller reductions in welfare payments relative to their larger earnings increases (as compared to the Job Search group). The Job Search group's small increase in UI benefits helped these experimentals to offset reductions in welfare payments. However, as discussed previously, these findings mask differences in employment and welfare patterns between the early and later applicants. For example, the gain in measured income for the earlier group of applicants from both programs was substantial and statistically significant ($468 for the Job Search/EWEP group and $676 for the Job Search only experimentals). For the later group there was a statistically significant loss in measured income for the Job Search group and small but not statistically significant increases for the Job Search/EWEP group. (See Appendix Table C.12.)

The bottom panel of Table 3.8 also shows the composition of the total sample by sources of income -- i.e., income status -- as of quarter 6.

TABLE 3.8

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON MEASURED INCOME (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Status	Experimental	Control	Difference	Experimental	Control	Difference
Average Total Income Received, Quarters 2-6 ($)[a]	6982.60	6518.59	+464.01**	6677.12	6518.59	+158.53
Average Total Income Received ($)						
Quarter of Application	a	a	a	a	a	a
Quarter 2	1408.36	1328.39	+ 79.98**	1424.95	1328.39	+ 96.56**
Quarter 3	1409.59	1313.20	+ 96.40**	1380.99	1313.20	+ 67.79
Quarter 4	1403.05	1338.77	+ 64.28	1288.79	1338.77	- 50.00
Quarter 5	1362.34	1280.89	+ 81.45	1279.85	1280.89	- 1.04
Quarter 6	1399.27	1257.34	+141.92**	1302.56	1257.34	+ 45.22
Status During Quarter 6 (%)[b]						
No earnings, AFDC Payments or UI Benefits	31.0	33.1	- 2.1	32.4	33.1	- 0.7
No earnings, and some AFDC Payments or UI Benefits	27.0	29.1	- 2.1	30.1	29.1	+ 1.0
Some earnings, AFDC Payments or UI Benefits	12.1	12.6	- 0.5	13.0	12.6	+ 0.4
Some earnings, no AFDC Payments or UI Benefits	30.0	25.2	+ 4.8	24.5	25.2	- 0.7
Sample Size	1502	873		856	873	

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information System and Unemployment Insurance benefits records from the State of California.

NOTES: Measured income is defined as total earnings, welfare payments, and unemployment compensation received during a calendar quarter.

These data include zero values for sample members not employed and for sample members not receiving welfare or UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Measured income is not available for the quarter of application because only individuals who applied for AFDC during the first month of the calendar quarter have information about welfare payments for the full three months of that quarter.

[b] The calculations for Status during Quarter 6 have not been regression-adjusted; tests of statistical significance have not been applied.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Generally, the San Diego programs did not result in major changes in the use of various income sources although there was an increase in the proportion of applicants recording earnings. This suggests impacts reflect mostly changes in the level of these income sources, not types. In quarter 6, approximately one-third of experimentals and controls recorded no earnings, welfare payments or UI benefits. To examine this further, the six-month survey data were used to look for other sources of income or contributions by immediate family members or others inside or outside of the household. There was little evidence that these sources were important, except for a small and not statistically significant increase in contributions to the Job Search group from individuals other than applicants. One explanation may be remarriage or earnings not reported to the UI system.

Table 3.8 indicates that between 25 and 30 percent of the full sample were found to have only earnings; this group received no welfare or UI payments at any time during the sixth quarter. The remainder received both welfare and UI benefits, possibly in combination with earnings, at some point during this quarter. This is not surprising given California's high welfare payment standard that allows some lower earners to collect welfare even though they have income from other sources.

H. For Which Groups Do The Programs Work Best?

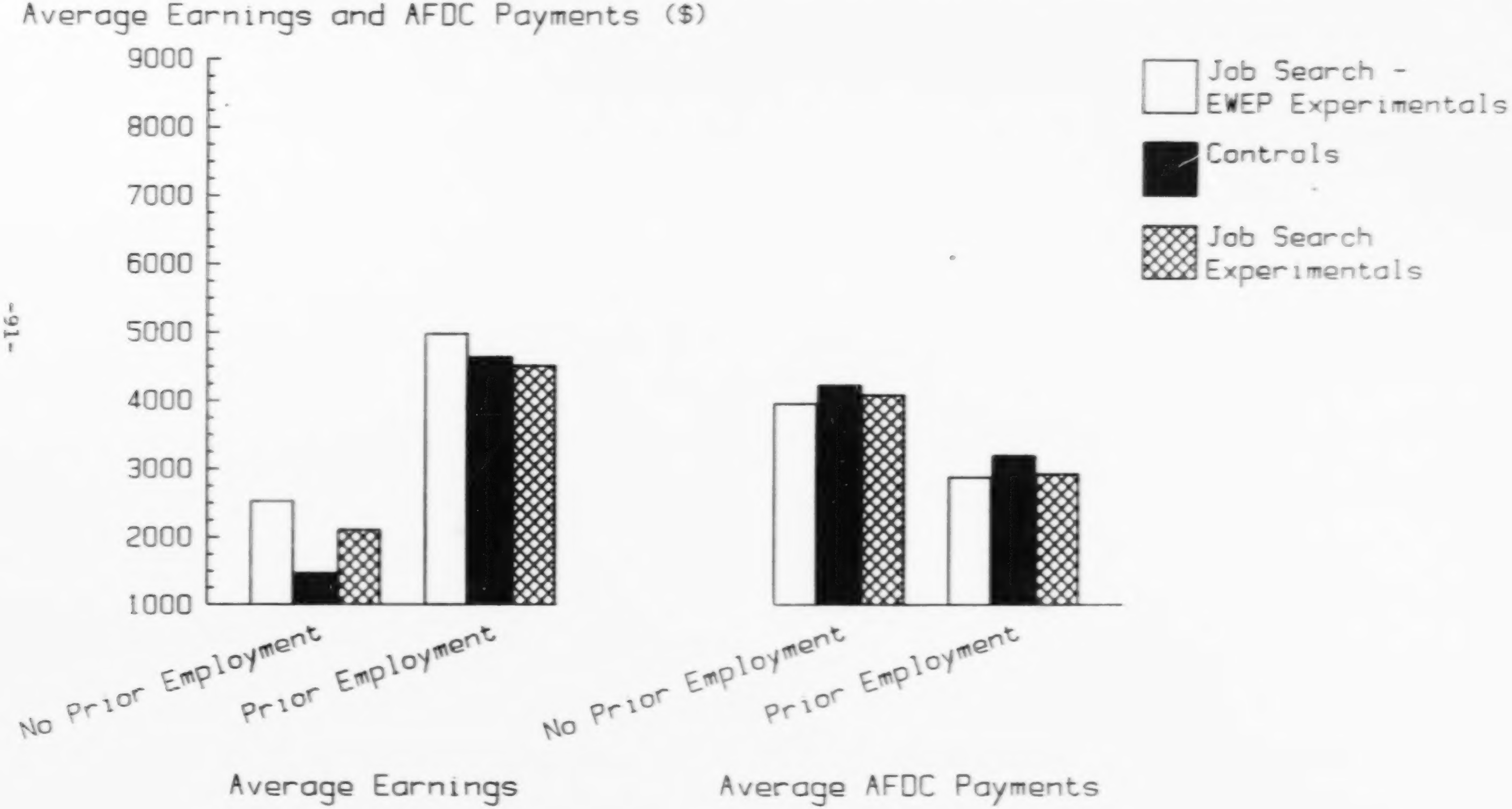
This section presents subgroup analyses to address the question: For which groups of applicants does job search or job search combined with work experience have the largest impacts? Impacts are estimated separately for individuals with differences in work history, prior AFDC dependency and family size (that is, if they have one or more children).[20] In each case, the full sample has been subdivided to obtain sufficient sample sizes. Differences by application periods, discussed previously, are not explicitly analyzed, except for the work history subgroups.

1. Impacts by Prior Work History

Because previous evaluations,[21] including the second report, have suggested that employment and training programs have their largest impacts on individuals with little or no recent employment experience, this analysis is a particularly important one to understand. The finding as a rule does not mean that very hard-to-employ groups achieve high levels of postprogram employment. On the contrary, absolute rates of employment are generally much higher for more job-ready individuals. However, because welfare receipt is only a temporary source of aid for many,[22] a substantial number of people leave the rolls on their own within a short time, without any assistance. Thus, programs that work with people who would have found jobs by themselves or cycled off welfare for other reasons may appear successful when in fact they have not made a large difference; employment rates would have been high in any case. In contrast, programs helping those who would have done poorly on their own may look less successful because of the low absolute levels of employment, but they may have caused a greater change in behavior.

Thus, as shown in Figure 3.9 and Table 3.9, the Job Search/EWEP experimentals with no work record in the year prior to random assignment experienced an almost 10 percentage point employment gain through quarter 6 and the earnings improvement was $1,066. Compared to controls with no recent prior employment, this is a 72 percent increase in earnings; it is

FIGURE 3.9
AFDC APPLICANTS: AVERAGE EARNINGS AND AFDC PAYMENTS[a], BY PRIOR YEAR EMPLOYMENT STATUS



SOURCE: See Table 3.9.

NOTE: [a]Earnings are averaged over quarters 2 - 6. AFDC Payments are averaged over quarters 1 - 6.

TABLE 3.8

SAN DIEGO

AFDC APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH BY PRIOR YEAR EMPLOYMENT STATUS

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Prior Employment	Job Search - EWEP			Job Search		
		Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	None Some	48.1 73.2	38.4 71.4	+9.7***yy +1.8	45.5 74.5	38.4 71.4	+7.1** +3.1
Average Number of Quarters With Employment, Quarters 2 - 6[a]	None Some	1.45 2.58	1.00 2.43	+0.44***y +0.15	1.29 2.43	1.00 2.43	+0.29** +0.00
Ever Employed in Quarter 6 (%)	None Some	30.0 53.1	23.6 51.7	+6.3** +1.4	25.9 48.2	23.6 51.7	+2.3 -3.5
Average Total Earnings, Quarters 2 - 6 ($)[a]	None Some	2540.02 4988.28	1474.00 4640.75	+1066.03***y + 347.53	2114.92 4518.65	1474.00 4640.75	+640.92* -122.10
Average Total Earnings in Quarter 6 ($)	None Some	633.26 1215.64	393.22 1131.34	+240.04*** + 84.30	487.60 1091.87	393.22 1131.34	+94.38 -39.47
Ever Received AFDC Payments, Quarters 1 - 6 (%)	None Some	83.6 84.1	86.4 82.3	-2.8 +1.8	86.5 84.1	86.4 82.3	+0.1 +1.8
Ever Received Any AFDC Payments in Quarter 6 (%)	None Some	38.6 31.5	42.1 30.5	-3.5 +1.0	39.7 32.8	42.1 30.5	-2.3 +2.3
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	None Some	3961.75 2890.38	4227.38 3199.61	-265.63 -309.24*	4087.65 2937.24	4227.38 3199.61	-139.73 -262.37
Average AFDC Payments Received in Quarter 6 ($)	None Some	501.64 348.84	552.46 343.85	-50.82 + 4.99	527.07 371.64	552.46 343.85	-25.39 +27.79
Sample Size							
Have No Prior Year Employment		723	432		410	432	
Have Some Prior Year Employment		779	441		448	441	

SOURCE AND NOTES: See Table 3.2.

[a] Coefficients of regression control variables are constrained to equality across research groups and across subgroups.

A two-tailed t-test was applied to differences in impacts between subgroups. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

three times as great as the impacts for those with a recent work history. These figures are in marked contrast to a 1.8 percentage point increase in employment and an earnings gain of $348 for those with some work history in the prior year. Job Search/EWEP experimentals who had held a job previously experienced only a 7 percent earnings gain compared to their control counterparts, although earnings levels were three times those of individuals without prior work experience, bearing out the finding explained above.

Similar results were seen for the Job Search only group. Those with no recent prior employment had larger employment (7 percentage points) and earnings gains ($641) in quarters 2 through 6 compared to those who had worked recently (3 percentage points and a loss of earnings of $122). This suggests an important finding: that the relatively poor performance of the later Job Search group, especially during the later application period, was in large part due to the behavior of those with prior work history.

None of the gains in employment and earnings for either experimental group resulted in any consistent statistically significant welfare impacts that could be tied to applicants' work history. As indicated in Table 3.9, the group with no recent employment had somewhat lower welfare savings over the follow-up period than the group with prior employment, despite this former group's larger earnings gains. However, there is some indication that, by the last quarter of the follow-up, welfare savings were larger for those with no recent work history, but only for the Job Search/EWEP group.

The impacts on subgroups identified by recent work history appear particularly sensitive to the timing of welfare application within the Job Search group. For the early applicants, those with no recent work history registered earnings gains of $1,228 over five quarters; during the later period, their small losses were not statistically significant. (See Table C.11.) In contrast, the early applicants with some job history had earnings gains of $389 that were not statistically significant, but their later counterparts sustained a large and statistically significant loss of $1,060. While both those with and without recent work experience among the later applicant group had lower earnings impacts, the large losses for those with a recent work history are notable. Welfare impacts were similar across the two application periods for individuals in both subgroups.

These results confirm those of the second report, in which it was seen that the San Diego Job Search and Job Search/EWEP programs had a generally greater earnings impact on applicants who were hard-to-employ, as characterized by the lack of recent employment prior to welfare application.

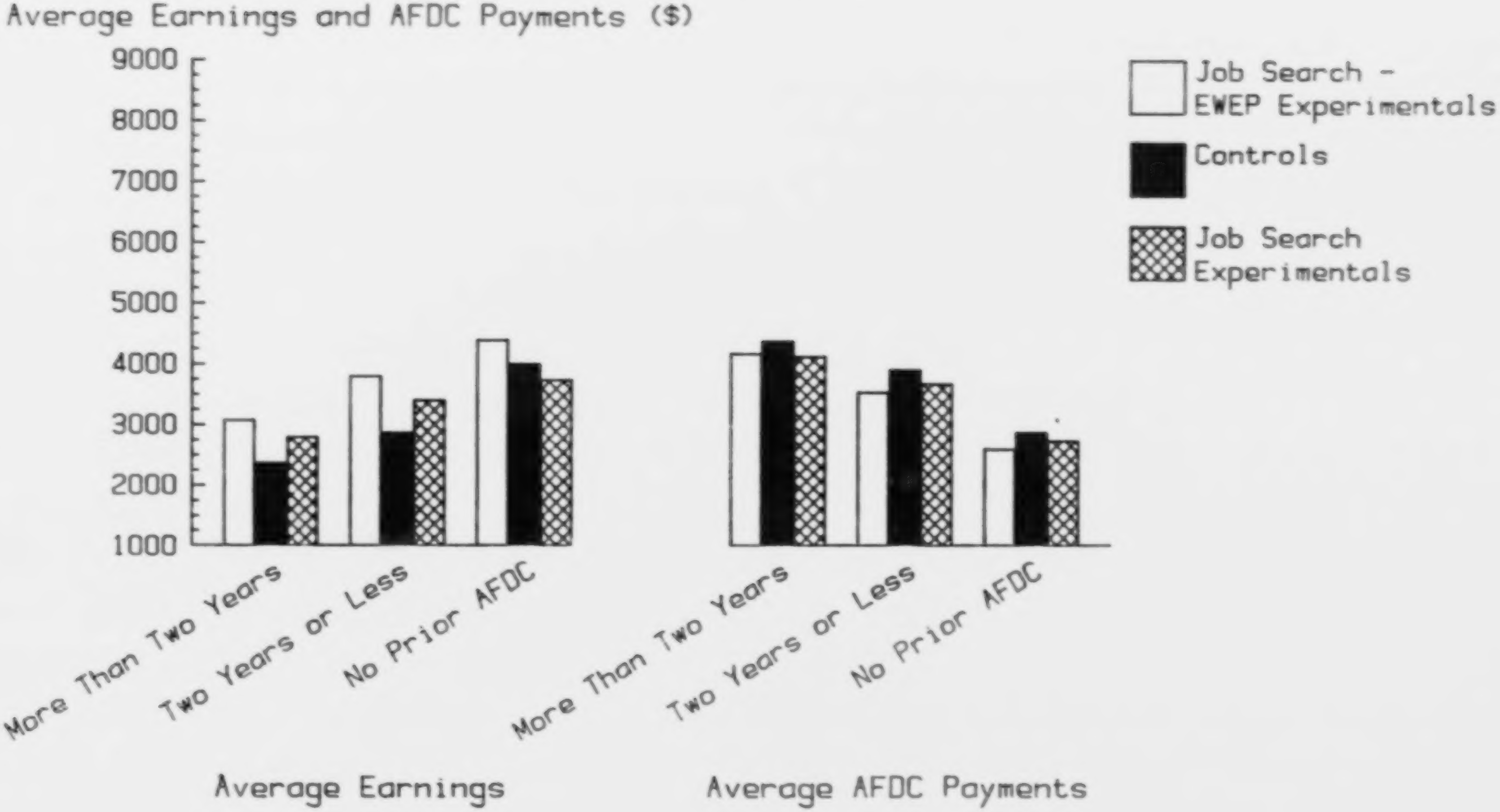
2. Impacts by Prior AFDC Dependency

Impacts were also estimated separately for applicants who had never received welfare, had received it for two years or less, or had received it for more than two years, all prior to this recent application for welfare. This analysis provides insight into how the programs affected individuals who had recently undergone a financial change in their lives (such as job loss) and had applied for welfare, perhaps for the first time, compared to those who might be more entrenched in the welfare system.

In general, impacts were larger for AFDC's who had received some welfare prior to application than those who had not. (See Figure 3.10 and Appendix Table C.13.) Regardless of prior welfare receipt, the employment, earnings and welfare impacts were generally larger and more frequently statistically significant for the Job Search/EWEP experimentals than for

FIGURE 3.10

AFDC APPLICANTS: AVERAGE EARNINGS AND AFDC PAYMENTS,[a] BY PRIOR YEAR AFDC STATUS



SOURCE: See Table C.13

NOTE: [a] Earnings are averaged over quarters 2 - 6. AFDC Payments are averaged over quarters 1 - 6.

the Job Search group.

3. Impacts of Job Search by Number of Children

Program effects on families with one child were compared to those for families with more than one child. Earnings and welfare savings were greater and mostly statistically significant for families with two children or more. This probably reflects the fact that individuals with larger families receive higher grant payments, and thus, there is a greater potential for welfare grant reductions among this group. (See Appendix Table C.14.)

CHAPTER 4

AFDC-U APPLICANTS: EMPLOYMENT, EARNINGS AND WELFARE IMPACTS

This chapter presents the impacts of the two San Diego models for the AFDC-U applicant group -- mostly male heads of two-parent households. Similar to Chapter 3, impact findings for the full sample are discussed first, followed by impacts by period of welfare application and other important subgroup distinctions.

A. Experimental-Control Treatment Differences

As for the AFDC group, Table 4.1 shows that there were statistically significant and large differences in program treatment between the two experimental and control groups, as well as between each of the two program models. Within a six-month follow-up period, close to one-half of the experimental applicants had participated in some structured activity, but only 3.5 percent of the control group members had done so. As noted in Chapters 2 and 3, those randomly designated as controls were required to register with the regular WIN Program. The main activity for experimentals was group job search, taught in workshops, followed by, for the Job Search/EWEP group, a work experience position in a public or nonprofit agency. (Controls, if served, generally received individual job search, a far less intensive activity.) Fifteen percent of all AFDC-U applicants in the Job Search/EWEP experimental group spent at least one hour in a work experience job.

Another principal difference between the groups was the level of

TABLE 4.1

SAN DIEGO

AFDC-U APPLICANTS: SIX-MONTH PERFORMANCE INDICATORS, BY RESEARCH GROUP
(OCTOBER 1982 - AUGUST 1983 SAMPLE)

	Experimental		Control
Six-Month Performance Indicator	Job Search-EWEP	Job Search	WIN
Job Placement Placement Assistance (%)	89.3	89.0	0.0***
Registered With EPP/WIN (%)	85.7	86.5	89.4**
Participated in Any Post-Registration Activity (%)	51.8	48.0	3.5***
Participated at Least One Day in Job Search Workshop (%)	50.8	47.0	0.5***
Worked at Least One Hour at an EWEP Worksite (%)	15.1	0.0	0.1***
Received Other EPP Services (%)	2.8	3.0	3.0
Program Placement (Found Employment) (%)[a]	31.1	30.3	15.5***
Deregistered From EPP/WIN (%)	58.9	56.7	48.4***
Due to request For Sanction (%)	5.1	4.3	0.7***
Total Applicants [b]	1403	855	838

SOURCE: MDRC calculations from the EPP Information System and EWEP Activity Logs maintained by the San Diego County Department of Social Services.

NOTES: All performance indicators are calculated as a percentage of all impact sample members in the indicated research group.

[a] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

[b] Excludes applicants missing AFDC payments for one month or more during the first six months after application.

Differences between research groups within an assistance category are statistically significant using a two-tailed t-test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

sanctioning. Rates for the two experimental groups were considerably higher than the control rate (4 to 5 percent compared to less than 1 percent), reflecting the low level of services available to WIN registrants. By the ninth month after application, the sanctioning level for the Job Search/EWEP group had gone up to 6.3 percent. (See Appendix Table C.1.)

Also by the ninth month after application, only between 5.5 and 6.2 percent of the Job Search only and Job Search/EWEP registrants remained in the program but were unserved by program staff, while 16.6 percent of the control registrants had not been reached. (See Table C.2 and the discussion in Chapter 3.) These rates, also slightly lower than those of the AFDC's, indicate that very few AFDC-U applicants stayed continuously enrolled in the program without fulfilling the requirements. Those who did, as a special case file review revealed, were primarily registrants who had been officially deferred or exempted from participation. These data, as well as other information presented in the second report, strongly suggest that San Diego did in fact implement a mandatory job search and work requirement for the AFDC-U as well as the AFDC applicants.

B. Impacts on Employment, Earnings and Welfare

As seen in the second report, the impacts over the six-month follow-up reflected mainly the effects of the job search treatment since many Job Search/EWEP experimentals were still in work experience positions at the end of this period. In contrast to the AFDC findings, however, there were substantial reductions in welfare payments among AFDC-U's. The longer-term follow-up of the early sample showed particularly large savings for those in the Job Search/EWEP model. There were also smaller employment increases. While both programs led to statistically significant six-month employment gains, there was no promise of sustained impacts on either employment or earnings in the longer follow-up. In addition, similar to the AFDC's, the AFDC-U's did not show changed behavior due to EWEP, although it was still too early to measure EWEP's effects reliably.

As explained in Chapter 2, individuals applied for welfare over an extended period of time -- 11 months beginning in October 1982. Thus, overall impacts for the full sample -- which express the average change in behavior for a variety of individuals over time -- can mask important diversity, as for the AFDC group. There were, in fact, some differences in characteristics between AFDC-U's applying early in the demonstration as compared to those applying later, as well as some small differences in program outcomes. Nevertheless, the AFDC-U sample, regardless of application period, was on the whole a quite employable group, with over two-thirds having a job record in the year prior to welfare application. The impact differences between the early and later applicants were also not as pronounced as those for the AFDC's. The average impacts for the full AFDC-U sample are thus fairly representative of the programs' effects on this group throughout the demonstration.

The principal findings of this report show that the early six-month improvements in employment and earnings were not sustained for members in either experimental group (as predicted in the second report's yearlong follow-up for the early sample). In this report, after a year and one-half, the full sample experienced virtually no employment or earnings gains. However, there were large and statistically significant welfare savings for both program models.

Table 4.2 shows that, during the full five-quarter follow-up in this report, 76.3 percent of the Job Search/EWEP experimentals and 74.0 percent of the Job Search only experimentals worked as compared to 73.6 percent of the controls. (These small differences are not statistically significant.) Except for the quarter after random assignment (in which a 5 to 6 percentage point gain in employment occurred), employment impacts were erratic and not statistically significant. Overall, earnings improved by $384 and $216 for the Job Search and Job Search/EWEP groups, with the largest gains taking place in quarters 2 and 3. By the final follow-up quarter, however, the impacts were essentially zero. This pattern reflects not so much a poor record on the part of AFDC-U experimentals but rather that controls quickly caught up to the experimentals' levels. Even in the absence of special services, more than one-half of the AFDC-U control group were employed by quarter 4. (See Figure 4.1.)

Table 4.2 and Figure 4.2 show trends in welfare receipt and average welfare payments over the 18-month follow-up period. Over this period, similar proportions of Job Search/EWEP experimentals and controls at some point received welfare payments, while welfare receipt among the Job Search applicants declined from the control level by a statistically significant 3.5 percentage points. This suggests that the Job Search program may have deterred some members of this group from going on welfare.

A review of welfare receipt quarter-by-quarter shows that reductions in the proportion receiving some welfare peaked for the Job Search/EWEP group in the third quarter, when the drop was a statistically significant 7.4 percentage points. Thereafter, reductions slowed to about 3 percentage

TABLE 4.2

SAN DIEGO

AFDC-U APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Quarter	Experimentals	Controls	Difference	Experimentals	Controls	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	76.3	73.6	+ 2.7	74.0	73.6	+ 0.4
Average Number of Quarters with Employment, Quarters 2 - 6[a]	2.58	2.50	+ 0.07	2.54	2.50	+ 0.04
Ever Employed (%)						
Quarter of Application	50.2	48.6	+ 1.6	49.3	48.6	+ 0.7
Quarter 2	46.2	40.7	+ 5.5**	45.9	40.7	+ 5.2**
Quarter 3	50.6	48.6	+ 2.0	47.8	48.6	- 0.8
Quarter 4	53.3	53.7	- 0.4	52.4	53.7	- 1.3
Quarter 5	54.4	52.1	+ 2.3	54.3	52.1	+ 2.1
Quarter 6	53.2	55.3	- 2.2	53.8	55.3	- 1.5
Average Total Earnings, Quarters 2 - 6 ($)[a]	7360.54	7144.88	+ 215.67	7528.56	7144.88	+383.68
Average Total Earnings ($)						
Quarter of Application	762.97	747.48	+ 15.49	816.96	747.48	+ 69.48
Quarter 2	948.62	824.27	+ 124.35*	973.72	824.27	+149.46**
Quarter 3	1293.95	1224.57	+ 69.38	1360.53	1224.57	+135.96
Quarter 4	1557.06	1600.65	- 43.59	1649.53	1600.65	+ 48.88
Quarter 5	1731.56	1673.32	+ 58.24	1708.08	1673.32	+ 34.76
Quarter 6	1829.37	1822.08	+ 7.29	1836.70	1822.08	+ 14.62
Ever Received Any AFDC Payments, Quarters 1 - 6 (%)	82.3	83.1	-0.7	79.5	83.1	-3.5*
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	6.59	7.51	-0.92***	6.68	7.51	-0.83***
Ever Received Any AFDC Payments (%)						
Quarter of Application	75.8	77.3	-1.5	75.0	77.3	-2.4
Quarter 2	55.4	62.0	-6.6***	55.4	62.0	-6.6***
Quarter 3	42.7	50.1	-7.4***	43.2	50.1	-7.0***
Quarter 4	36.0	41.7	-5.7***	39.0	41.7	-2.7
Quarter 5	32.7	36.5	-3.8*	32.5	36.5	-4.0*
Quarter 6	30.2	33.1	-2.9	28.0	33.1	-5.1**
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	3123.70	3653.28	-529.58***	3183.60	3653.28	-469.68***
Average AFDC Payments Received ($)						
Quarter of Application	701.01	733.23	- 32.22	695.67	733.23	-37.56
Quarter 2	618.98	739.24	-120.26***	634.00	739.24	-105.24***
Quarter 3	509.58	640.38	-130.80***	521.91	640.38	-118.47***
Quarter 4	459.71	550.79	- 91.08***	500.34	550.79	-50.45
Quarter 5	428.96	519.11	- 90.15***	446.14	519.11	-72.97**
Quarter 6	405.46	470.52	- 65.06**	385.54	470.52	-84.98**
Sample Size	1376	813		831	813	

(continued)

TABLE 4.2 (continued)

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information System.

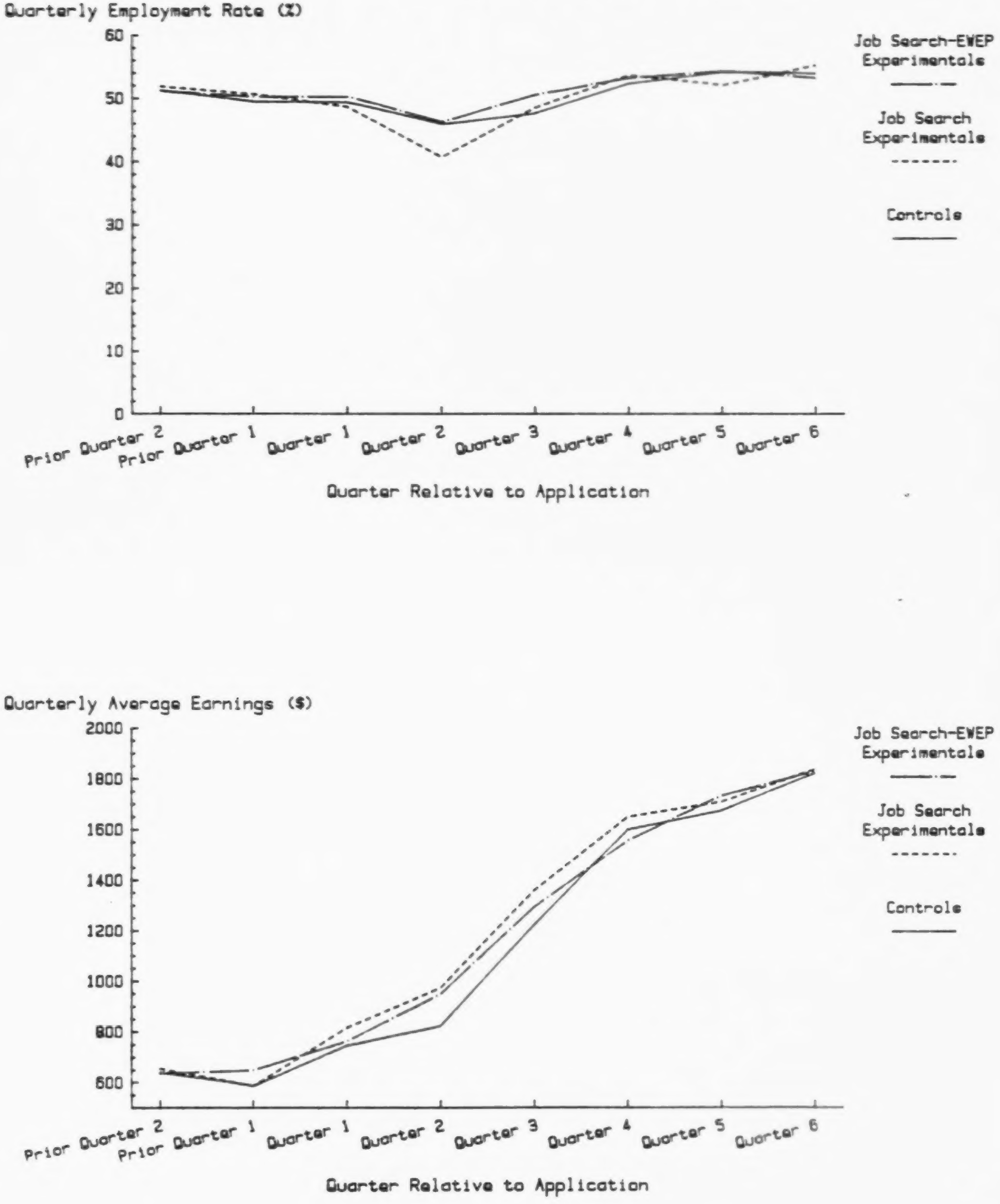
NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

FIGURE 4.1

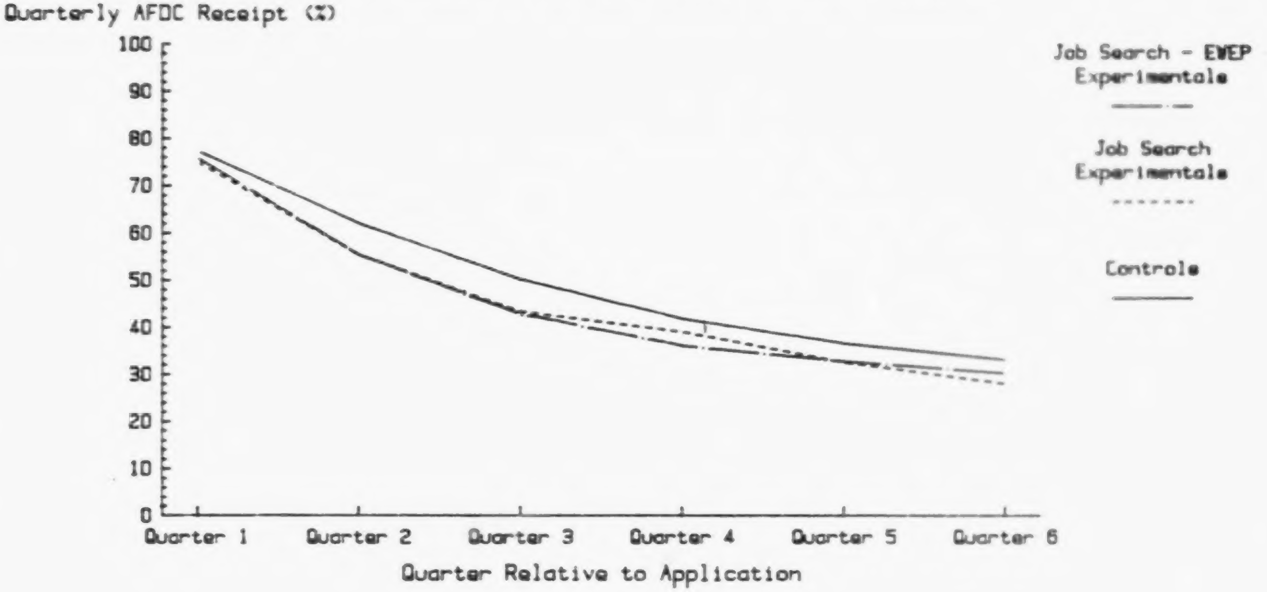
AFDC-U APPLICANTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE EARNINGS (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

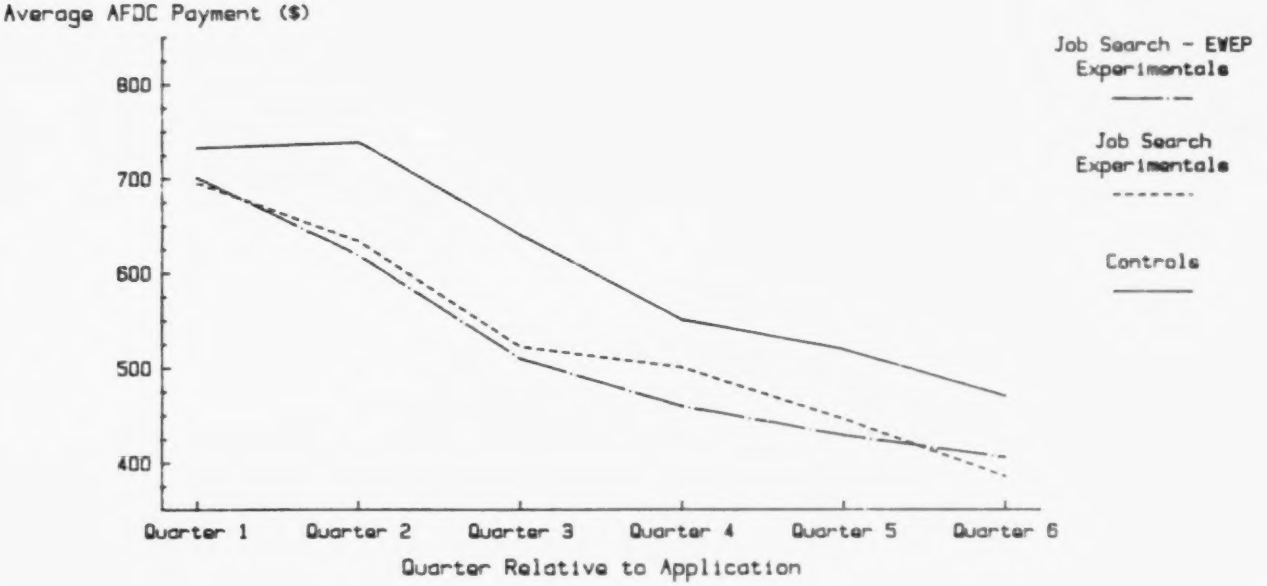


SOURCE: See Table 4.2.

FIGURE 4.2

AFDC-U APPLICANTS: TRENDS IN AFDC RECEIPT AND AVERAGE PAYMENTS (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)





SOURCE: See Table 4.2.

points in the final quarter, a difference that is not statistically significant. The pattern was similar for the Job Search group, with the impacts large in quarters 2 and 3 but then following an erratic course. However, in the final quarter of follow-up, the level of Job Search welfare receipt was 5 percentage points below that of controls, a statistically significant change.

As previously noted, the AFDC-U welfare experience was markedly different from that of the AFDC's, with statistically significant payment reductions occurring in both program models. Over the 18-month period, welfare payments to the Job Search/EWEP experimentals were reduced by $530, a statistically significant 15 percent decrease from the control group mean of $3,653. Welfare savings for the Job Search experimentals were also significant at $470. Quarter-by-quarter, the impacts were largest in the third quarter and then declined. Even in the sixth quarter, however, savings were $65 for the Job Search/EWEP group and $85 for those in the Job Search program. These figures were statistically significant and represent a 14 and 18 percent change from the control group mean. Both groups received welfare for almost one month less than the controls.

Examination of quarters 2 through 6 reveals one surprising finding: welfare reductions are noticeably larger than the increases in earnings. In this period (quarters 2 through 6), the Job Search/EWEP earnings gain of $216 was accompanied by a grant reduction of $497, twice the size of the earnings impact. For the Job Search only group, earnings gains of $384 occurred at the same time as a $432 reduction in welfare payments, or 113 percent of the increase in earnings. Since additional earnings do not usually cause a dollar-for-dollar decline in welfare payments -- but in this case were accompanied by larger reductions -- the ratios found above are quite unexpected. Several factors together may help to explain why welfare savings can be relatively high in a program in which the overall employment rates and earnings are not significantly improved.

For one, although the relationship above seems inconsistent with the rules and procedures for grant calculations (where child-care and work-related costs can be deducted from earnings before grants are calculated), AFDC-U's -- who are mostly male heads of a two-parent household -- do not have as high expenses as the AFDC group, and therefore their grant levels are reduced more by any earnings. Second, as noted earlier, AFDC-U recipients lose all of their benefits if they work more than 100 hours a month, and AFDC-U members did more frequently find full-time jobs which paid higher wages.[1] Thus, new employment probably caused more AFDC-U case closings than it did among AFDC households.

It is also important to remember that there was, in fact, a substantial short-term employment impact on this group, as noted in the second report and as seen in quarter 2 of Table 4.2 in this report: a statistically significant 5 to 6 percentage point gain for both groups. Because of the reasons above, this new employment probably resulted in a high proportion of case closings and may at least partially account for the decline in the percent receiving welfare, a pattern that is not found for the AFDC group. As indicated in Appendix Table D.7, once off welfare, experimentals did not show a higher propensity than controls to return to it.

Third, movement off welfare does not all have to be explained by new employment. Program requirements may cause some to leave the rolls. For example, the sanctioning rate could have had a direct bearing on case closures since, for most of the demonstration period, sanctioning resulted in closure of the entire case, not just the part applicable to the person sanctioned.[2] The sanctioning rates for the AFDC-U experimental groups were higher than the controls: over a nine-month period, 6 percent of the Job Search/EWEP applicants were deregistered because of a requested sanction, as were 4 percent of the Job Search only experimentals.

One final theory is also pertinent -- that the program identified people who were working at application and had earnings not reported to the welfare system. This hypothesis assumes that people with jobs cannot both work and participate in a mandatory program as a condition of welfare receipt if that participation requirement means a substantial level of activity. Hence, it is reasoned, they will choose work and leave the rolls. To the extent that these earnings are already being reported to the UI system, employment levels as measured in this report will not be affected by individuals choosing to remain employed. To the extent that those jobs were not previously reported to the welfare system, welfare measures will be affected.

C. Impacts of the EWEP Add-On

The results of the EWEP add-on are far less dramatic for the AFDC-U group than for the AFDC's. Similar to the second report findings on the early sample tracked for a year, the findings for the full sample followed for a year and one-half show that the add-on of work experience did not generally affect the employment or earnings levels of the AFDC-U group. And, although the second report had noted somewhat larger (but not statistically significant) grant reductions for the early sample due to EWEP, this was not true when the full sample was examined. EWEP did not lead to statistically significant reductions in welfare beyond the workshops, as the earlier analysis had suggested.

Table 4.3 indicates that, over the five-quarter follow-up period, EWEP resulted in increased employment of 2 percentage points, but losses in earnings of $168. Welfare savings from the EWEP add-on were also small -- $60 over six quarters -- and welfare receipt was actually higher in some quarters, particularly the last one. Most of these small changes were not statistically significant, except for an overall increase in welfare receipt of 3 percentage points.

D. Impacts by Application Period

While the AFDC impacts overall were strongly affected by the period in which persons applied for welfare, this was much less true for the AFDC-U's. The situation for AFDC-U controls in the later period was similar to that of the AFDC controls: they entered the sample with a lower prior employment and earnings level than the earlier AFDC-U controls. But within five quarters, these later applicants had caught up to and slightly exceeded the employment and earnings record of the earlier applicant controls, who were job hunting in a weaker economy. The later controls also entered the sample with somewhat higher welfare receipt and larger welfare payments.

Tables 4.4 and 4.5 show that, over the five quarters, the later and early experimentals had fairly similar earnings gains: for Job Search only, $487 and $327 respectively; for the Job Search/EWEP groups, $184 and

TABLE 4.3

SAN DIEGO

AFDC-U APPLICANTS: IMPACTS OF EWEP ADD-ON
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Job Search-EWEP	Job Search	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	76.3	74.0	+ 2.3
Average Number of Quarters With Employment, Quarters 2 - 6[a]	2.58	2.54	+ 0.04
Ever Employed (%)			
Quarter of Application	50.2	49.3	+ 0.9
Quarter 2	46.2	45.9	+ 0.3
Quarter 3	50.6	47.8	+ 2.8
Quarter 4	53.3	52.4	+ 0.9
Quarter 5	54.4	54.3	+ 0.2
Quarter 6	53.2	53.9	- 0.7
Average Total Earnings, Quarters 2 - 6 ($)[a]	7360.54	7528.56	-168.02
Average Total Earnings ($)			
Quarter of Application	762.97	816.86	- 53.89
Quarter 2	948.62	973.72	- 25.11
Quarter 3	1293.95	1360.53	- 66.58
Quarter 4	1557.06	1649.53	- 92.47
Quarter 5	1731.56	1708.09	+ 23.47
Quarter 6	1829.37	1836.70	- 7.33
Ever Received Any AFDC Payment, Quarters 1 - 6 (%)	82.3	79.5	+ 2.8*
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	6.58	6.68	- 0.09
Ever Received Any AFDC Payments (%)			
Quarter of Application	75.8	75.0	+ 0.8
Quarter 2	55.4	55.4	+ 0.0
Quarter 3	42.7	43.2	- 0.4
Quarter 4	36.0	39.0	- 3.0
Quarter 5	32.7	32.5	+ 0.2
Quarter 6	30.2	28.0	+ 2.2
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	3123.70	3183.60	- 59.90
Average AFDC Payments Received ($)			
Quarter of Application	701.01	695.67	+ 5.34
Quarter 2	618.98	634.00	- 15.02
Quarter 3	509.58	521.91	- 12.33
Quarter 4	459.71	500.34	- 40.63
Quarter 5	428.96	446.14	- 17.18
Quarter 6	405.46	385.54	+ 19.93
Sample Size	1376	831	

SOURCE AND NOTES: See Table 4.2. Significance tests pertain to differences between Job Search-EWEP and Job Search.

TABLE 4.4

SAN DIEGO

AFDC-U APPLICANTS: IMPACTS OF JOB SEARCH-EWEP, BY APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Quarter	Job Search - EWEP					
	October 1982 - March 1983			April - August 1983		
	Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	77.1	72.7	+ 4.4*	75.2	75.2	- 0.0
Ever Employed, Quarters 2 - 8 (%)[a]	81.6	76.3	+ 5.3**	n/a	. n/a	n/a
Ever Employed (%)						
Quarter of Application	49.1	49.8	- 0.7	51.2	47.0	+ 4.2
Quarter 2	43.8	39.4	+ 4.4	48.8	42.9	+ 5.9*
Quarter 3	50.0	49.4	+ 0.6	51.1	47.5	+ 3.6
Quarter 4	53.6	53.9	- 0.3	52.8	53.5	- 0.7
Quarter 5	54.5	50.4	+ 4.1	54.2	55.1	- 0.9
Quarter 6	52.7	54.1	- 1.4	53.5	57.4	- 3.9
Quarter 7	55.7	52.3	+ 3.4	n/a	n/a	n/a
Quarter 8	53.7	53.5	+ 0.2	n/a	n/a	n/a
Average Total Earnings, Quarters 2 - 6 ($)[a]	7258.07	7090.14	+167.92	7445.83	7261.34	+184.49
Average Total Earnings, Quarters 2 - 8 ($)[a]	11189.50	10868.76	+320.74	n/a	n/a	n/a
Average Total Earnings ($)						
Quarter of Application	781.22	796.96	- 15.74	735.65	674.65	+ 61.00
Quarter 2	792.92	745.01	+ 47.90	1126.02	952.59	+173.43*
Quarter 3	1240.05	1246.33	- 6.28	1351.09	1195.17	+155.92
Quarter 4	1561.10	1663.26	-102.15	1545.01	1508.37	+ 36.64
Quarter 5	1763.27	1645.09	+118.18	1686.33	1725.27	- 38.94
Quarter 6	1900.73	1790.46	+110.27	1737.36	1879.93	-142.56
Quarter 7	2016.00	1872.41	+143.59	n/a	n/a	n/a
Quarter 8	1933.87	1938.59	- 4.72	n/a	n/a	n/a
Ever Received Any AFDC Payments, Quarters 1 - 6 (%)	82.0	82.4	- 0.4	82.8	84.0	- 1.2
Ever Received Any AFDC Payments, Quarters 1 - 8 (%)	82.5	83.6	- 1.1	n/a	n/a	n/a
Ever Received Any AFDC Payment (%)						
Quarter of Application	74.6	76.3	- 1.7	77.3	79.0	- 1.7
Quarter 2	56.5	61.3	- 4.8*	54.3	63.0	- 8.7***
Quarter 3	44.4	50.1	- 5.6**	40.8	50.1	- 9.3***
Quarter 4	37.9	40.9	- 3.0	33.9	42.8	- 8.9***
Quarter 5	33.4	37.8	- 4.4*	32.0	34.3	- 2.3
Quarter 6	29.7	33.2	- 3.5	30.9	32.7	- 1.8
Quarter 7	26.1	31.4	- 5.3**	n/a	n/a	n/a
Quarter 8	25.8	28.2	- 2.4	n/a	n/a	n/a
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	3063.24	3616.21	-552.97***	3207.47	3699.72	-492.25**
Average Total AFDC Payments Received, Quarters 1 - 8 ($)	3766.39	4543.49	-777.10***	n/a	n/a	n/a
Average AFDC Payments Received ($)						
Quarter of Application	672.98	692.86	- 19.88	735.98	794.61	- 58.63
Quarter 2	605.38	700.11	- 94.74**	637.70	798.40	-160.70***
Quarter 3	492.87	633.21	-140.35***	531.61	649.39	-117.78**
Quarter 4	480.08	556.55	- 76.47*	437.80	540.11	-102.31**
Quarter 5	429.97	552.59	-122.62***	429.72	464.58	- 34.86
Quarter 6	381.98	480.79	- 98.81**	434.66	452.63	- 17.97
Quarter 7	349.58	473.23	-123.65***	n/a	n/a	n/a
Quarter 8	349.98	439.71	- 89.73**	n/a	n/a	n/a
Sample Size	741	499		635	314	

(continued)

TABLE 4.4 (continued)

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance records from the EPP Information System.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

Only 18 months of follow-up is available for the later applicants.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE 4.5

SAN DIEGO

AFDC-U APPLICANTS: IMPACTS OF JOB SEARCH, BY APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Quarter	Job Search					
	October 1982 - March 1983			April - August 1983		
	Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 [%][a]	73.4	72.7	+0.7	75.0	75.2	-0.2
Ever Employed, Quarters 2 - 8 [%][a]	77.9	76.3	+1.6	n/a	n/a	n/a
Ever Employed [%]						
Quarter of Application	48.0	48.8	-0.8	50.4	47.0	+3.4
Quarter 2	43.1	39.4	+3.6	50.7	42.9	+7.8**
Quarter 3	47.1	49.4	-2.3	49.1	47.5	+1.6
Quarter 4	51.3	53.9	-2.6	54.3	53.5	+0.8
Quarter 5	53.0	50.4	+2.6	56.6	55.1	+1.5
Quarter 6	55.2	54.1	+1.1	51.9	57.4	-5.5
Quarter 7	55.8	52.3	+3.5	n/a	n/a	n/a
Quarter 8	55.7	53.6	+2.1	n/a	n/a	n/a
Average Total Earnings, Quarters 2 - 6 [$][a]	7418.85	7090.14	+328.71	7748.13	7281.34	+466.79
Average Total Earnings, Quarters 2 - 8 [$][a]	11588.90	10868.70	+720.15	n/a	n/a	n/a
Average Total Earnings [$]						
Quarter of Application	892.02	786.96	+105.06	886.05	874.65	+ 11.40
Quarter 2	876.58	745.01	+131.57	1136.62	952.60	+184.02
Quarter 3	1336.85	1246.33	+ 90.52	1405.12	1195.17	+209.95
Quarter 4	1664.16	1663.26	+ 0.90	1633.44	1508.37	+125.07
Quarter 5	1696.55	1645.09	+ 51.46	1736.10	1725.27	+ 10.83
Quarter 6	1842.72	1790.46	+ 52.26	1836.85	1879.93	- 43.08
Quarter 7	2091.74	1872.41	+219.33	n/a	n/a	n/a
Quarter 8	2022.04	1938.59	+ 83.45	n/a	n/a	n/a
Ever Received Any AFDC Payments, Quarters 1 - 6 [%]	81.8	82.4	-0.6	75.8	84.0	- 8.2***yy
Ever Received Any AFDC Payments, Quarters 1 - 8 [%]	82.4	83.6	-1.3	n/a	n/a	n/a
Ever Received Any AFDC Payments [%]						
Quarter of Application	77.3	76.3	+1.1	71.1	79.0	- 7.9**yy
Quarter 2	58.2	61.3	-3.1	50.8	63.0	-12.2***y
Quarter 3	46.2	50.1	-3.9	38.2	50.1	-11.9***
Quarter 4	41.0	40.8	+0.2	35.5	42.8	- 7.3*
Quarter 5	34.4	37.8	-3.4	29.3	34.3	- 4.9
Quarter 6	29.8	33.2	-3.5	25.0	32.7	- 7.7**
Quarter 7	24.9	31.4	-6.5**	n/a	n/a	n/a
Quarter 8	23.9	28.2	-4.3	n/a	n/a	n/a
Average Total AFDC Payments Received, Quarters 1 - 6 [$]	3211.62	3616.21	-404.60**	3124.30	3699.72	-575.42**
Average Total AFDC Payments Received, Quarters 1 - 8 [$]	3899.37	4543.49	-644.12**	n/a	n/a	n/a
Average AFDC Payments Received [$]						
Quarter of Application	886.19	882.96	+ 3.23	682.87	784.61	-101.74**y
Quarter 2	637.51	700.11	- 62.59	625.69	798.40	-172.71***
Quarter 3	522.95	633.21	-110.27**	517.56	649.39	-131.83**
Quarter 4	512.11	556.55	- 44.44	479.13	540.11	- 60.98
Quarter 5	456.03	552.59	- 96.56**	427.63	464.58	- 36.95
Quarter 6	396.82	480.79	- 83.97**	381.42	452.63	- 71.21
Quarter 7	351.53	473.23	-121.70***	n/a	n/a	n/a
Quarter 8	355.36	439.71	- 84.34*	n/a	n/a	n/a
Sample Size	513	499		316	314	

SOURCE AND NOTES: See Table 4.4.

$168. Welfare savings were also similar: for the Job Search/EWEP experimentals, $492 compared to $553; for the Job Search only enrollees, $575 compared to $405. None of these differences between application periods was statistically significant.

Table 4.6 compares results for the two application periods to examine any EWEP effect. In general, there was none in either application period. The early group showed some losses in earnings but small welfare reductions, neither of which was statistically significant. The later applicant group also showed some earnings loss; welfare receipt increased significantly as a result of the add-on, but this was not accompanied by significant changes in average welfare payments.

The similarity by period for the AFDC-U's may be due to the overall greater employability of this population compared to the AFDC's, and their greater ability to find jobs in all types of situations, including different labor markets.[3]

E. Do Impacts Change Over Time?

To see whether impacts increase or decay over the follow-up period, it is of interest to examine more closely the data for the full sample over 15 and 18 months as well as the trends from the two additional follow-up quarters available for the earlier applicants (those applying during the October 1982 through March 1983 period). Generally, the employment and earnings impacts were not very stable and declined over time, but welfare savings persisted for both groups in both program models.

Table 4.2 indicates that, for the full sample, both employment and earnings peaked immediately following welfare application (quarter 2) but

TABLE 4.8

SAN DIEGO

AFDC-U APPLICANTS: IMPACTS OF THE EWEP ADD-ON, BY APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Quarter	October 1982 - March 1983			April - August 1983		
	Job Search-EWEP	Job Search	Difference	Job Search-EWEP	Job Search	Difference
Ever Employed, Quarters 2 - 6 [%][a]	77.1	73.4	+ 3.7	75.2	75.0	+ 0.1
Ever Employed, Quarters 2 - 8 [%][a]	81.6	77.9	+ 3.7*	n/a	n/a	n/a
Ever Employed [%]						
Quarter of Application	49.1	48.9	+ 0.2	51.2	50.4	+ 0.8
Quarter 2	43.9	43.1	+ 0.8	48.9	50.7	- 1.8
Quarter 3	50.0	47.1	+ 3.0	51.1	49.1	+ 2.1
Quarter 4	53.6	51.3	+ 2.3	52.8	54.3	- 1.5
Quarter 5	54.5	53.0	+ 1.5	54.2	56.6	- 2.4
Quarter 6	52.7	55.2	- 2.5	53.5	51.9	+ 1.6
Quarter 7	55.7	55.9	- 0.2	n/a	n/a	n/a
Quarter 8	53.7	55.7	- 2.0	n/a	n/a	n/a
Average Total Earnings, Quarters 2 - 6 [$][a]	7258.07	7416.86	- 158.79	7445.83	7748.13	-302.30
Average Total Earnings, Quarters 2 - 8 [$][a]	11189.50	11588.90	- 399.40	n/a	n/a	n/a
Average Total Earnings [$]						
Quarter of Application	781.22	902.02	- 120.80*	735.65	686.05	+ 49.60y
Quarter 2	792.92	876.59	- 83.67	1126.02	1136.62	- 10.59
Quarter 3	1240.05	1336.85	- 96.80	1351.09	1405.12	- 54.03
Quarter 4	1561.10	1664.16	- 103.06	1545.01	1633.44	- 88.43
Quarter 5	1763.27	1696.55	+ 66.72	1686.33	1736.10	- 49.77
Quarter 6	1900.73	1842.72	+ 58.01	1737.38	1836.86	- 99.48
Quarter 7	2016.00	2091.74	- 75.74	n/a	n/a	n/a
Quarter 8	1933.87	2022.04	- 88.17	n/a	n/a	n/a

(continued)

TABLE 4.8 (continued)

Outcome and Follow-Up Quarter	October 1982 - March 1983			April - August 1983		
	Job Search-EWEP	Job Search	Difference	Job Search-EWEP	Job Search	Difference
Ever Received Any AFDC Payments, Quarters 1 - 6 [%]	82.0	81.8	+ 0.2	82.8	75.8	+7.0***yy
Ever Received Any AFDC Payment, Quarters 1 - 8 [%]	82.5	82.4	+ 0.1	n/a	n/a	n/a
Ever Received Any AFDC Payments [%]						
Quarter of Application	74.6	77.3	- 2.7	77.3	71.1	+6.2**yy
Quarter 2	56.5	58.2	- 1.7	54.3	50.8	+3.5
Quarter 3	44.4	46.2	- 1.7	40.8	38.2	+2.6
Quarter 4	37.8	41.0	- 3.2	33.9	35.5	-1.6
Quarter 5	33.4	34.4	- 1.0	32.0	29.3	+2.7
Quarter 6	29.7	29.8	- 0.0	30.9	25.0	+5.9*
Quarter 7	26.1	24.9	+ 1.2	n/a	n/a	n/a
Quarter 8	25.9	23.9	+ 2.0	n/a	n/a	n/a
Average Total AFDC Payments Received, Quarters 1 - 6 [$]	3063.24	3211.62	-148.38	3207.47	3124.30	+ 83.17
Average Total AFDC Payments Received, Quarters 1 - 8 [$]	3766.39	3899.37	-132.98	n/a	n/a	n/a
Average AFDC Payments Received [$]						
Quarter of Application	672.96	696.18	- 23.22	735.98	692.87	+ 43.11
Quarter 2	605.36	637.51	- 32.15	637.70	625.69	+ 12.01
Quarter 3	492.87	522.95	- 30.08	531.61	517.56	+ 14.05
Quarter 4	480.08	512.11	- 32.03	437.80	479.13	- 41.33
Quarter 5	429.97	456.03	- 26.06	429.72	427.63	+ 2.09
Quarter 6	381.98	386.82	- 4.84	434.66	381.42	+ 53.24
Quarter 7	349.58	351.53	- 1.95	n/a	n/a	n/a
Quarter 8	349.97	355.36	- 5.39	n/a	n/a	n/a
Sample Size	741	513		635	318	

SOURCE AND NOTES: See Table 4.4.

then declined so that, by the sixth quarter, the impacts were negligible. The two additional follow-up months for the early sample showed a slightly different trend, with employment and earnings rising, particularly for the Job Search group, but none of the impacts was statistically significant. (See Figure 4.3.) By the eighth quarter of follow-up, the earnings gain for the early Job Search applicants was $83. For the Job Search/EWEP group, the impacts had held up and grown in quarter 7 ($144) but then disappeared. (See Tables 4.4 and 4.5.)

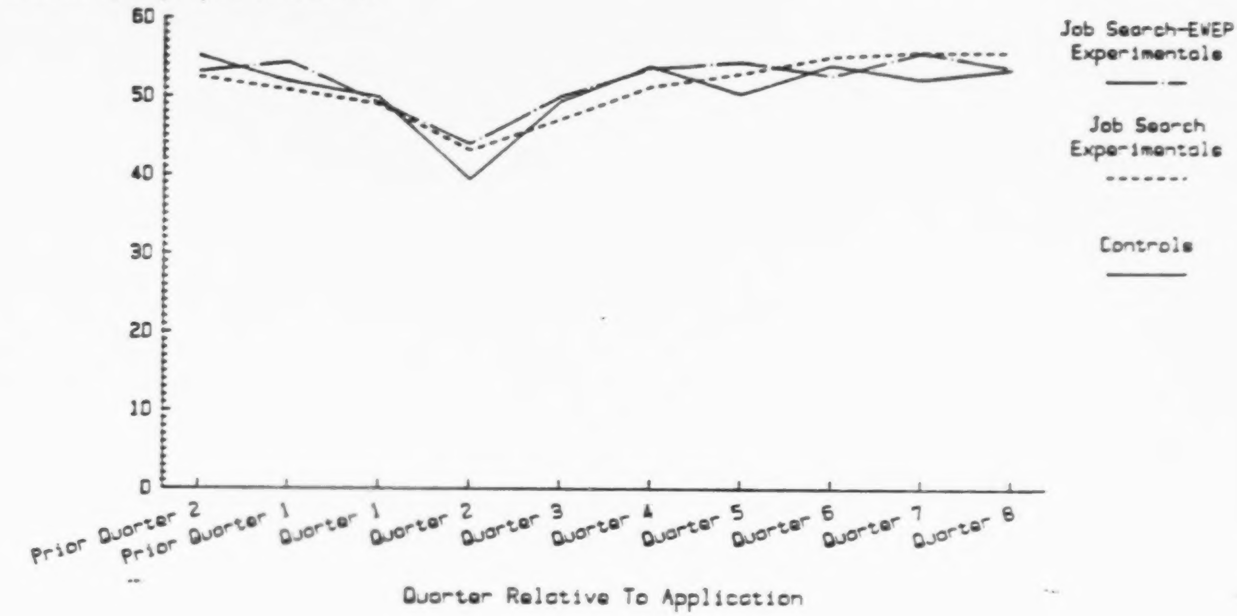
Welfare savings for the full sample were largest in the third quarter: thereafter, they dropped and stabilized at a lower level in both programs. The third-quarter 7 percentage point reduction was statistically significant and was associated with quarterly welfare savings of $131 and $118 for the Job Search/EWEP and the Job Search only experimentals, respectively -- reductions of 20 and 18 percent from the control group payment average of $640 for the quarter. Although welfare savings declined, the amounts continued to be statistically significant in both programs.

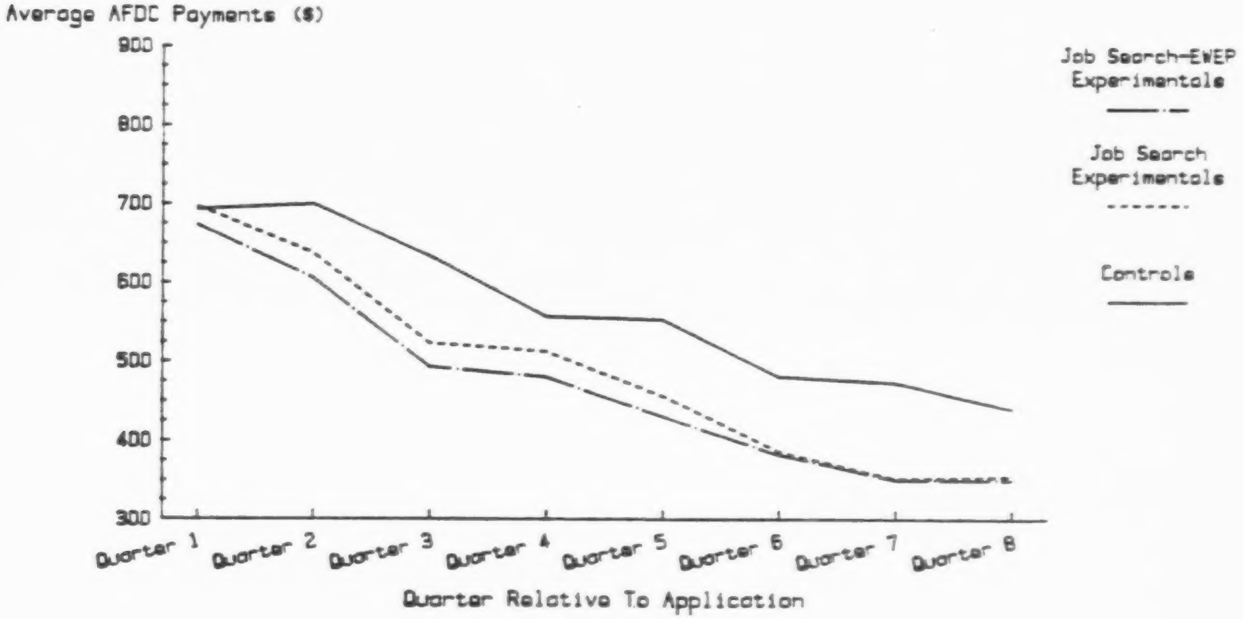
Statistically significant welfare savings continued for the early applicant group in both programs through quarter 8. Although the quarter-by-quarter impacts were somewhat erratic, by the end of the follow-up period around one-quarter of the applicants were receiving payments. In the eighth quarter alone, savings were between $84 and $90, representing between a 19 and 20 percent reduction from the control group average payment of $440.

As in Chapter 3, impacts on earnings and welfare receipt were estimated for each sample member using data from the last two quarters combined. These estimates indicate that earnings gains for the AFDC-U's

FIGURE 4.3

AFDC-U APPLICANTS: QUARTERLY TRENDS IN EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS (OCTOBER 1982 - MARCH 1983 IMPACT SAMPLE)





SOURCE: See Tables 4.4 and 4.5.

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did not persist, but that welfare reductions continued over the longer run. More precisely, neither Job Search/EWEP nor Job Search only experimentals showed statistically significant earnings increases for the combined final quarters. The former group earned $86 less than the control group and the latter group earned only $65 more, on a control group regression-adjusted average of $3,798.

Welfare expenditures, on the other hand, were down by statistically significant amounts from the control group mean of $863 in the last two quarters. The savings were $119 for the Job Search/EWEP group and $125 for the Job Search experimentals -- representing payments that were about 14 percent below the average payment of controls.

F. Impacts on Other Income Sources

The previous discussion has addressed the programs' effects on two important sources of income for sample members: welfare receipt and applicants' own earnings. However, contributions from family members (as well as from individuals both in and out of the household) may be particularly important for the mostly male AFDC-U's who, by definition, have a spouse. As indicated in the second report, the six-month applicant survey data found that, while the applicants' welfare benefits and earnings were the two main sources of income, Unemployment Insurance (UI) compensation and Food Stamps were also important. Contributions from other family members, particularly their earnings and welfare benefits, were also prominent for the AFDC-U assistance category.

Using UI administrative records, this section reports on the extent to which the San Diego programs affected receipt of UI compensation. It then uses welfare, earnings and benefits data to examine program impacts on measured income.

1. Unemployment Insurance Benefits

Similar to the AFDC's, the AFDC-U applicants' receipt of UI benefits was initially high for both experimentals and controls and then declined, in this case, from between 42 and 43 percent in the quarter of application to between 10 and 12 percent by the end of the follow-up period. Not only were these rates higher than those found for the AFDC's, the level of UI benefits was also considerably higher (see Tables 3.7 and 4.7). However, neither of the programs seemed to have much effect on this pattern.

Overall, there was a small, positive increase in UI benefits ($18) for the Job Search only group. Job Search initially reduced benefits but later led to increases. By the sixth quarter, impacts on benefits for the Job Search group reached the statistically significant figure of $33, or a 51 percent increase over the control group mean of $65.

The pattern of UI receipt among the Job Search/EWEP group was more erratic; overall, benefits were reduced by a not statistically significant amount of $32. An initial decrease, followed by mostly increases, characterized this trend, although in the sixth quarter, there was a $14 increase that was not statistically significant.

While there were some small differences in UI benefit receipt between application periods, the patterns were not consistent. (See Appendix Table D.3.) Later Job Search applicants showed reductions in UI benefits ($52 over 18 months) compared to increased benefits for the earlier applicants ($56). Benefit impacts for the Job Search/EWEP group were also mixed.

TABLE 4.7

SAN DIEGO

AFDC-U APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND
JOB SEARCH ON UNEMPLOYMENT INSURANCE BENEFITS
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
Ever Received UI Benefits, Quarters 1 - 6 (%)	50.8	51.8	- 1.0	53.6	51.8	+ 1.8
Average Number of Months with UI Benefits, Quarters 1 - 6	2.81	2.97	- 0.16	2.95	2.97	- 0.02
Ever Received UI Benefits (%)						
Quarter of Application	42.2	42.6	- 0.4	42.8	42.6	+ 0.2
Quarter 2	32.1	33.5	- 1.4	31.2	33.5	- 2.2
Quarter 3	21.4	23.6	- 2.2	22.6	23.6	- 1.0
Quarter 4	16.0	16.8	- 0.8	16.4	16.8	- 0.4
Quarter 5	11.1	11.9	- 0.8	13.1	11.9	+ 1.2
Quarter 6	10.1	10.0	+ 0.1	11.6	10.0	+ 1.7
Average Total UI Benefits, Quarters 1 - 6 ($)	1199.71	1232.18	-32.47	1250.15	1232.18	+17.97
Average Total UI Benefits ($)						
Quarter of Application	393.14	403.62	-10.47	382.26	403.62	-21.36
Quarter 2	318.44	355.97	-37.53	328.49	355.97	-27.48
Quarter 3	207.99	202.68	+ 5.31	215.17	202.68	+12.49
Quarter 4	123.32	117.31	+ 6.01	123.41	117.31	+ 6.10
Quarter 5	77.14	87.14	-10.00	102.54	87.14	+15.40
Quarter 6	79.68	65.47	+14.21	98.29	65.47	+32.82**
Sample Size	1376	813		831	813	

SOURCE: MDRC calculations from the UI Benefits records from the State of California.

NOTES: The first month of the quarter of application is the month in which an individual is randomly assigned. These data include zero values for sample members not receiving UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. Regression controls also include prior UI benefit receipt. There may be some discrepancies in calculating sums and differences due to rounding.

Differences between research groups are statistically significant using a two-tailed t-test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

Over the six quarters, the early applicant group experienced mostly benefit reductions (totaling $79, a figure that is not statistically significant). The later applicant group, in contrast, had higher benefits by about $48, again an amount that is not statistically significant.

2. Impacts on Measured Income

For this analysis, information on welfare payments and UI benefits were aggregated into three-month calendar quarters that matched the UI earnings quarterly periods in order to obtain a measure of total income reflecting the three important income sources. Table 4.8 indicates that, over the five-quarter follow-up period, the Job Search/EWEP model reduced measured income from the control group mean of $11,171 by $346, a 3.1 percent reduction reflecting both the overall reductions in welfare payments and the level of UI benefits received by this group -- for the most part losses that were, only to a small extent, offset by this group's increased earnings. This loss was not statistically significant. The Job Search model reduced measured income by only $68, partly because of this group's increase in UI benefits. For both models, there were losses in measured income through the sixth quarter, although these were not statistically significant.

As with the AFDC's, the programs did not appear to affect the importance of various sources of income to applicants, but, similarly, there were people in the sixth quarter (between 22 and 26 percent) who had not recorded either earnings, welfare payments or UI benefits as income sources. However, because the AFDC-U applicants are always part of a two-parent family, it is likely that there was income other than that of the applicants. As noted in the second report, there were small increases

TABLE 4.8

SAN DIEGO

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AFDC-U APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON MEASURED INCOME (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Status	Job Search - EWEP			Job Search		
	Experimental	Control	Difference	Experimental	Control	Difference
Average Total Income Received, Quarters 2-6 ($)[a]	10824.70	11171.20	-346.49	11103.10	11171.20	- 68.14
Average Total Income Received ($)						
Quarter of Application	a	a	a	a	a	a
Quarter 2	2005.74	2046.62	- 40.88	2046.28	2046.62	- 0.34
Quarter 3	2061.80	2131.30	- 69.50	2148.93	2131.30	+ 17.63
Quarter 4	2181.32	2325.53	-144.21*	2302.61	2325.53	- 22.92
Quarter 5	2252.02	2288.42	- 36.41	2254.79	2288.42	- 33.63
Quarter 6	2323.84	2379.32	- 55.48	2350.44	2379.32	- 28.88
Status During Quarter 6 (%)[b]						
No earnings, AFDC Payments or UI Benefits	26.1	21.9	+ 4.2	25.0	21.9	+ 3.1
No earnings, and some AFDC Payments or UI Benefits	20.6	23.0	- 2.4	21.2	23.0	- 1.8
Some earnings, AFDC Payments or UI Benefits	16.0	18.0	- 2.0	17.7	18.0	- 0.3
Some earnings, no AFDC Payments or UI Benefits	37.4	37.1	+ 0.3	36.1	37.1	- 1.0
Sample Size	1378	613		831	613	

SOURCE: MDRC calculations from the County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information System and Unemployment Insurance benefit records from the State of California.

NOTES: Measured income is defined as total earnings, welfare payments, and unemployment compensation received during a calendar quarter.

These data include zero values for sample members not employed and for sample members not receiving welfare or UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Measured income is not available for the quarter of application because only individuals who applied for AFDC during the first month of the calendar quarter have information about welfare payments for the full three months of that quarter.

[b] The calculations for Status during Quarter 6 have not been regression-adjusted; tests of statistical significance were not calculated.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

during the sixth month in income received from other family members in both programs, although these increases were not statistically significant. There was also some indication that support was received from persons outside of the household, particularly in the Job Search program during the sixth month after application.[4]

During the sixth quarter, more than one-third of the experimental AFDC-U's had earnings but no welfare or UI benefit payments; the remainder received either welfare or UI benefits or both. Fewer received both earnings and income from one of the two transfer programs.

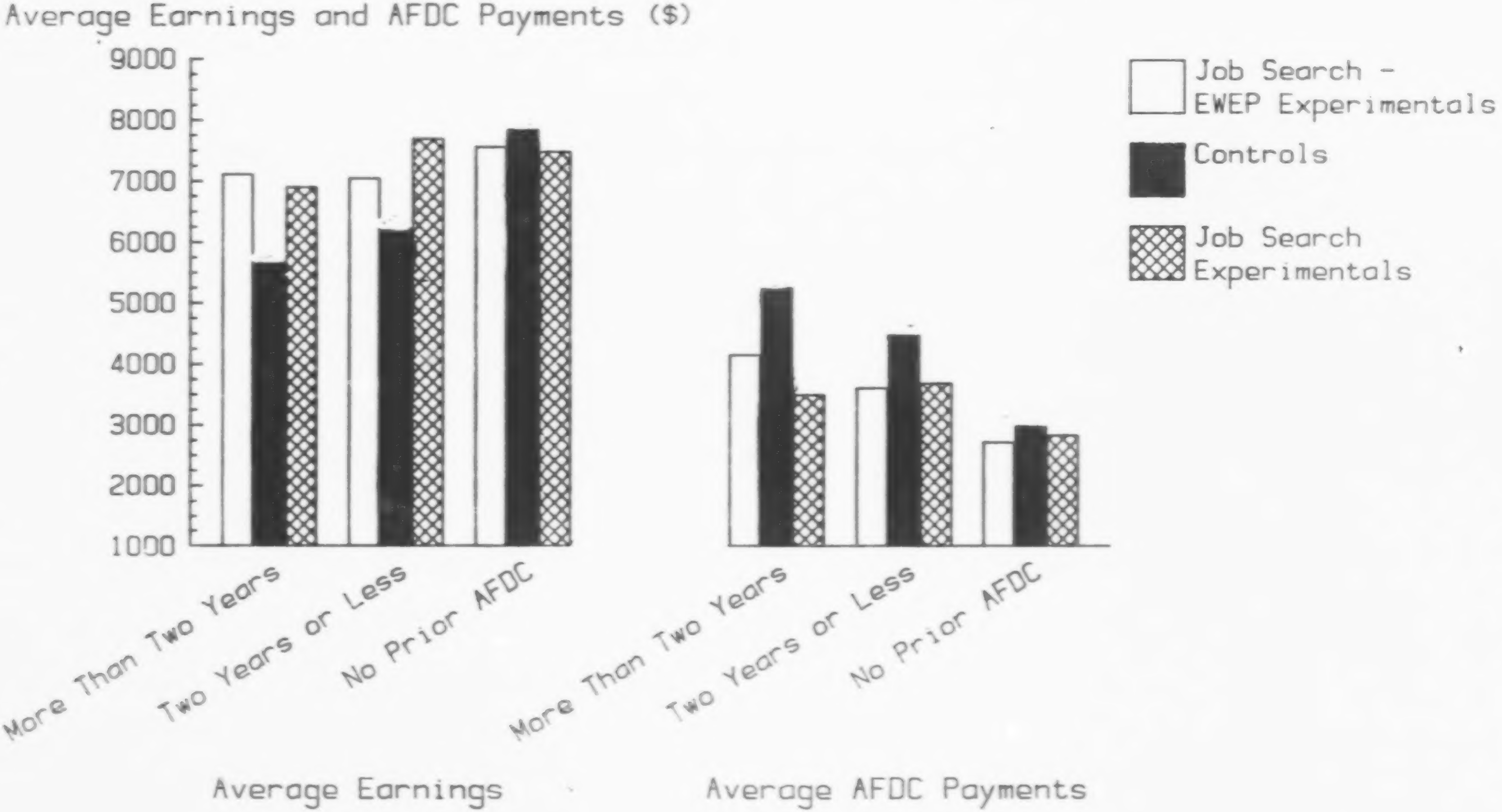
G. Subgroup Analysis

As in Chapter 3, this section presents program impacts for various subgroups of the AFDC-U assistance category. Data for the full sample were used in order to have sufficient sample sizes for the analysis.

1. Impacts by Prior Welfare Dependency

AFDC-U's who had records of prior welfare receipt benefited most from the programs, with statistically significant and greater employment and earnings gains. There were also more welfare savings from this group than from those who said they had never been on welfare prior to random assignment.[5] Despite these larger impacts, experimentals with a welfare history did not achieve the earning levels of experimentals who had never been on welfare, and their average welfare receipt was still higher. (See Figure 4.4 and Table 4.9.) Over the follow-up period, the earnings gains for those with some prior welfare dependency ranged from $816 for the Job Search/EWEP group to $1,466 for the Job Search only experimentals. This is an increase of between 13 to 24 percent over the control group average

FIGURE 4.4
AFDC-U APPLICANTS: AVERAGE EARNINGS AND AFDC PAYMENTS,[a] BY PRIOR YEAR AFDC STATUS



SOURCE: See Table 4.9.

NOTE: [a]Earnings are averaged over quarters 2 - 6. AFDC Payments are averaged over quarters 1 - 6.

TABLE 4.9

SAN DIEGO

AFDC-U APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH, BY PRIOR AFDC RECEIPT HISTORY (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Prior AFDC History	Job Search - EWEP		
		Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	No Prior AFDC	76.1	76.2	- 0.1
	Two Years or Less	76.5	70.6	+ 5.9*
	More Than Two Years	77.2	66.2	+11.1
Average Number of Quarters With Employment, Quarters 2 - 6[a]	No Prior AFDC	2.60	2.66	- 0.07
	Two Years or Less	2.54	2.30	+ 0.23*y
	More Than Two Years	2.60	2.15	+ 0.46
Ever Employed in Quarter 6 (%)	No Prior AFDC	53.7	58.4	- 4.7*
	Two Years or Less	52.7	50.8	+ 1.9
	More Than Two Years	50.6	53.1	- 2.5
Average Total Earnings, Quarters 2 - 6 ($)[a]	No Prior AFDC	7572.43	7852.13	- 279.70
	Two Years or Less	7053.71	6237.08	+ 816.64
	More Than Two Years	7122.46	5724.14	+1398.32
Average Total Earnings in Quarter 6 ($)	No Prior AFDC	1895.03	2048.13	-153.10
	Two Years or Less	1736.81	1495.16	+241.65y
	More Than Two Years	1741.76	1606.58	+135.18
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	No Prior AFDC	5.90	6.51	- 0.60*
	Two Years or Less	7.45	8.67	- 1.22***
	More Than Two Years	8.08	10.37	- 2.29**
Ever Received Any AFDC Payments in Quarter 6 (%)	No Prior AFDC	25.6	26.0	- 0.4
	Two Years or Less	35.9	41.4	- 5.5*
	More Than Two Years	41.5	53.0	-11.5
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	No Prior AFDC	2723.50	2981.97	- 258.47
	Two Years or Less	3609.38	4481.98	- 872.60***yy
	More Than Two Years	4154.53	5261.78	-1107.25*
Average AFDC Payments Received in Quarter 6 ($)	No Prior AFDC	325.63	362.16	- 36.53
	Two Years or Less	494.80	602.66	- 107.86**
	More Than Two Years	657.87	741.65	— 83.78
Sample Size	No Prior AFDC	800	470	
	Two Years or Less	496	298	
	More Than Two Years	80	45	

(continued)

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TABLE 4.9 (continued)

Outcome and Follow-Up Period	Prior AFDC History	Job Search		
		Experimental	Control	Difference
Ever Employed, Quarters 2- 6 (%)[a]	No Prior AFDC	75.0	76.2	- 1.3
	Two Years or Less	72.3	70.6	+ 1.7
	More Than Two Years	74.3	66.2	+ 8.1
Average Number of Quarters With Employment, Quarters 2 - 6[a]	No Prior AFDC	2.56	2.66	- 0.10
	Two Years or Less	2.53	2.30	+ 0.22y
	More Than Two Years	2.43	2.15	+ 0.28
Ever Employed in Quarter 6 (%)	No Prior AFDC	55.0	58.4	- 3.4
	Two Years or Less	52.7	50.9	+ 1.8
	More Than Two Years	50.3	53.1	- 2.8
Average Total Earnings, Quarters 2 - 6 ($)[a]	No Prior AFDC	7487.73	7852.13	- 364.40
	Two Years or Less	7703.48	6237.08	+1466.40**yy
	More Than Two Years	6911.31	5724.14	+1187.17
Average Total Earnings in Quarter 6 ($)	No Prior AFDC	1855.11	2048.13	-193.01
	Two Years or Less	1834.69	1495.16	+339.53*yy
	More Than Two Years	1676.95	1606.58	+ 70.37
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	No Prior AFDC	6.15	6.51	-0.36
	Two Years or Less	7.47	8.67	-1.21**
	More Than Two Years	7.01	10.37	-3.36***xx
Ever Received Any AFDC Payments in Quarter 6 (%)	No Prior AFDC	24.9	26.0	- 1.0
	Two Years or Less	32.0	41.4	- 9.4**y
	More Than Two Years	33.2	53.0	-19.8**x
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	No Prior AFDC	2836.59	2981.97	- 145.38
	Two Years or Less	3688.83	4481.98	- 793.15***y
	More Than Two Years	3501.71	5261.78	-1760.07***xx
Average AFDC Payments Received in Quarter 6 ($)	No Prior AFDC	338.20	362.16	- 23.96
	Two Years or Less	456.71	602.66	-145.95**y
	More Than Two Years	406.97	741.65	-334.67**xx
Sample Size	No Prior AFDC	491	470	
	Two Years or Less	295	298	
	More Than Two Years	45	45	

SOURCE AND NOTES: See Table 4.2.

[a] Coefficients of regression control variables are constrained to equality across research groups and across subgroups.

A two-tailed t-test was applied to differences in impacts between subgroups. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; and yyy = 1 percent for diffferences between those with no prior AFDC receipt and those with two years or less; and x = 10 percent; xx = 5 percent; and xxx = 1 percent for differences between those with no prior AFDC receipt and those with more than two years receipt history.

earnings. For those without prior welfare receipt, the losses in earnings were not statistically significant.

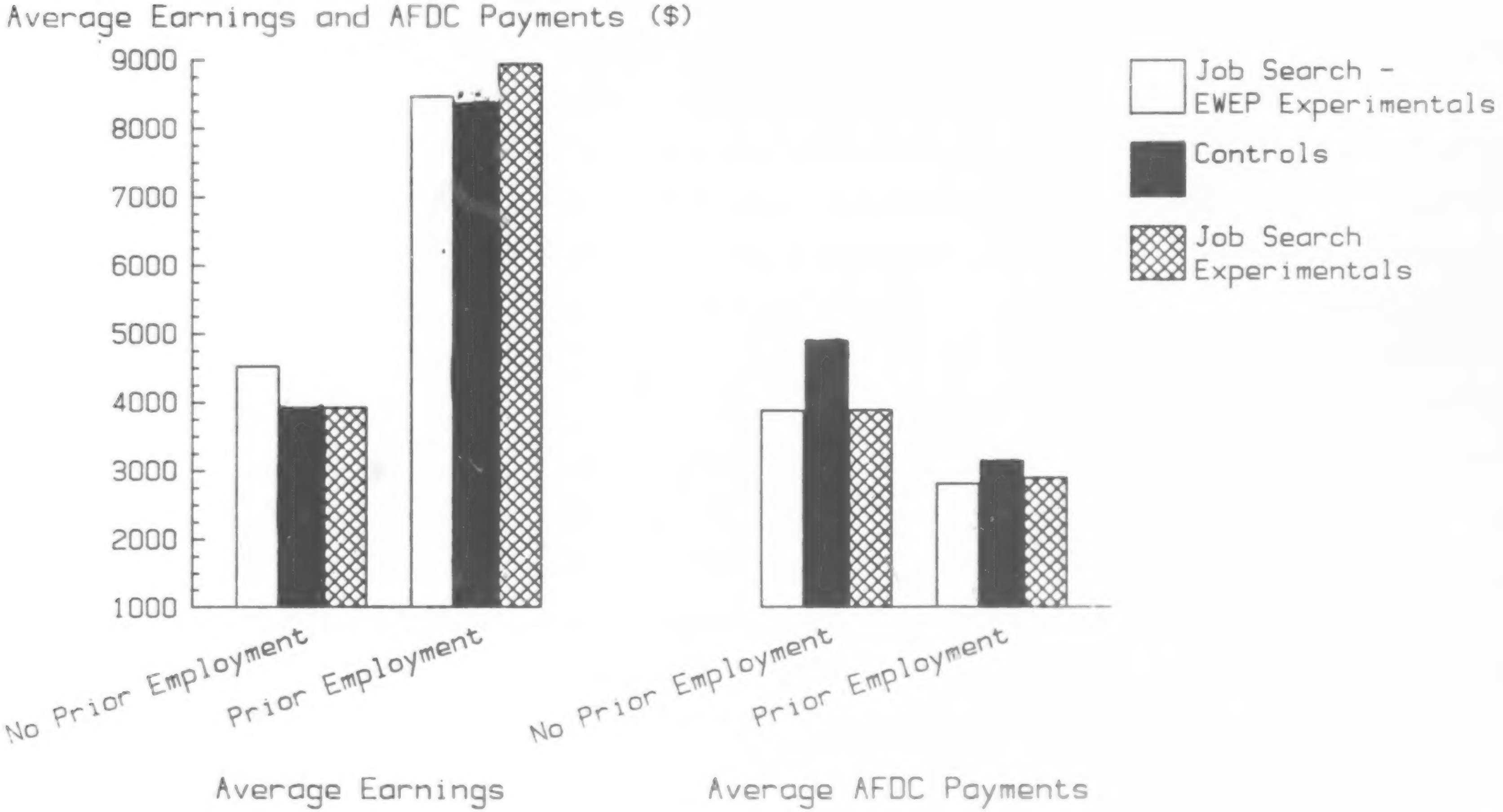
Welfare payment reductions for those with some prior dependency ranged from $793 to $1,760, depending on both the program model and the length of prior welfare receipt. These reductions brought the payment level down by 18 to 33 percent from the control group average over the 18 months ($4,482 to $5,262). Those with no prior welfare receipt had reductions of only $145 (for the Job Search group) and $258 (for the Job Search/EWEP group), reductions that were not statistically significant and just 5 to 9 percent lower than the average control group 18-month payment level of $2,982. (See Figure 4.4 and Table 4.9.) This pattern of greater welfare savings for those with prior welfare dependency (as compared to those with no prior welfare history) continued into the sixth quarter.

2. Impacts by Prior Work History

In general, neither subgroup based on year-prior employment had statistically significant employment or earnings gains.[6] Over the follow-up period, however, there were similar statistically significant payment reductions and decreases in welfare receipt for both experimentals with no recent work history and those with a recent work history. (See Figure 4.5 and Table D.4.) The total 18-month welfare reduction for those with no recent work history came to between $1,015 and $1,021, down approximately one-fifth from the control group mean of $4,908. Those with some recent work history experienced reductions of only between $253 and $334, a decrease of 8 to 11 percent from the average control group payment level of $3,155. Even in the sixth quarter, individuals with no recent work history continued to experience larger welfare reductions than those of the more

FIGURE 4.5

AFDC-U APPLICANTS: AVERAGE EARNINGS AND AFDC PAYMENTS,[a] BY PRIOR YEAR EMPLOYMENT STATUS



SOURCE: See Table D.4.

NOTE: [a]Earnings are averaged over quar-ers 2 - 6. AFDC Payments are averaged over quarters 1 - 6.

recently employed.

These data thus suggest that both program models had their strongest welfare impacts on individuals who would have, in the absence of special services, received the largest welfare payments. There was, however, no evidence to suggest a consistent impact on employment-related outcomes for individuals categorized by recent work history. The findings of somewhat larger impacts for the more disadvantaged, primarily in welfare measures, parallel the results for the full AFDC-U sample, for which there were significant welfare impacts but no corresponding effects on employment and earnings.

3. Impacts by Prior UI Benefit Receipt

When the impacts for those who received UI benefits in the six months prior to random assignment were compared to those who had not, people in both programs with no prior receipt had larger employment and earnings gains and welfare savings, the latter being statistically significant. These results are generally similar to those found in the prior employment subgroup analysis. In fact, the "prior UI benefits" category may serve as a proxy for prior employment since, to receive UI compensation, one needs to have worked previously. (See Appendix Table D.5.)

4. Impacts by Number of Children

Lastly, impacts were computed separately for families with one child and for those with more than one child since larger welfare savings may be expected for larger families with higher grant levels. In fact, somewhat greater welfare savings and greater reductions in welfare receipt were found for the larger families in both programs. Positive and statistically significant employment and earnings gains, however, were found for families with one child -- impacts that were considerably greater than those for applicants with larger families. (See Appendix Table D.6.)

CHAPTER 5

BENEFIT-COST ANALYSIS

This chapter presents an evaluation of the benefits and costs of the EPP Job Search program and the Job Search/EWEP sequence in San Diego. Benefit-cost analysis provides a useful way to compare the effects of programs to their costs. Moreover, the approach used in this evaluation, one based on techniques developed in previous evaluations of social programs,[1] allows both the economic efficiency and the distributional consequences of the two program models to be assessed systematically for the groups served by the programs.

This chapter focuses on key aspects of the analytical approach and on the results of the evaluation rather than on the intricacies of the analysis itself -- its numerous underlying assumptions, distinctions and calculations, several thousand in all. The first section of the chapter provides an overview of the analytical framework. The following two sections present the individual benefits and costs that are considered. The fourth section aggregates these benefits and costs to produce the overall results and examines how benefits and costs vary according to the group being served; this section also assesses the sensitivity of the results to key assumptions and the programs' budgetary impacts by level of government. The last section interprets the significance of the results for policy. Readers who are interested in the more technical aspects of the benefit-cost evaluation, as well as in further details on data sources, should consult an earlier paper which documented these features of the analysis.[2]

The results presented below differ from the preliminary results provided in the second report on the San Diego program (Goldman et al., 1985). The earlier results were based on data collected through December 1983; program benefits and costs that accrued after that time were not estimated. This analysis uses an additional year of follow-up data and estimates future benefits and costs. Modifications in some estimation procedures, which are all noted either in the text or the footnotes of this chapter, have also been made.

A. Analytical Approach

The heart of this analysis is the benefit-cost accounting framework summarized in Table 5.1. That framework indicates the components considered in the benefit-cost analysis and the perspectives from which they are valued. From the social perspective, all benefits and costs are valued for society as a whole, and the way in which benefits accrue to groups in society is ignored. This is the perspective usually used to judge whether a program is an economically efficient use of resources. The perspective of the welfare applicant considers benefits and costs to the applicants assigned to the Job Search and Job Search/EWEP groups, and determines whether these groups fare better or worse as a result of the program. The third perspective is that of everyone in society other than the welfare applicants. Often termed the "taxpayer"[3] perspective, it is usually politically important. To assess the various budgetary impacts of the programs, this taxpayer perspective can be broken down by level of government.

TABLE 5.1

SAN DIEGO

EXPECTED EFFECTS OF COMPONENTS OF THE BENEFIT-COST ANALYSIS, BY ACCOUNTING PERSPECTIVE

Component of Analysis	Accounting Perspective			Data Source[a]
	Social	Applicant	Taxpayer	
Benefits				
Output Produced by Participants				
Value of In-Program Output	+	0	+	Worksite Survey, EPPIS
Increased Output from Employment	+	+	0	Unemployment Insurance Records, Published Data
Increased Tax Payments	0	-	+	Unemployment Insurance Records, AFDC Records, Published Data
Reduced Use of Transfer Programs				
Reduced AFDC Payments	0	-	+	AFDC Records
Reduced Payments from Other Programs	0	-	+	Applicant Survey, Unemployment Insurance Records, AFDC Records, Published Data
Reduced AFDC Administrative Costs	+	0	+	AFDC Records, Published Data
Reduced Administrative Costs of Other Programs	+	0	+	Applicant Survey, Published Data, Program Records
Preference for Work Over Welfare	+	+	+	Not Measured
Reduced Use of Other Programs				
Reduced Allowances	0	-	+	Applicant Survey, Program Cost Data, EPPIS
Reduced Operating Costs	+	0	+	Applicant Survey, Program Cost Data, Published Data, EPPIS
Costs				
Program Operating Costs				
EPP Operating Costs	-	0	-	Program Cost Data, EPPIS
EWEP Operating Costs	-	0	-	Program Cost Data, EPPIS
Allowances and Support Services	0	+	-	Program Cost Data
Participant Out-of-Pocket Expenses	-	-	0	Worksite Survey
Foregone Personal and Family Activities	-	-	0	Not Measured

NOTES: Components are listed as benefits and costs according to whether their expected effect is a net benefit or cost from the social perspective. Individual items are shown as an expected benefit (+), cost (-), or neither a benefit nor a cost (0).

[a] See text for descriptions of data sources.

These perspectives and components constitute the underlying structure of this analysis. Because welfare applicants and taxpayers together are defined to include everyone in society, the benefit and cost values for these two perspectives add up to the values for society as a whole. Thus, transfers between applicants and taxpayers entail no net change to society. However, benefits or costs to one group that are not offset by corresponding costs or benefits to the other do involve real changes in the resources available to society and are listed in the social accounting column of Table 5.1. For example, since a reduction in AFDC payments is a benefit to taxpayers and a loss to applicants, the effects cancel each other out from the perspective of society as a whole. However, any resulting administrative cost savings are a social benefit because the gain to taxpayers is not offset by a reduction in the well-being of welfare applicants.

Table 5.1 presents the components considered in the framework and lists them under the benefit or cost heading according to their expected net impacts from each perspective. As the AFDC example above illustrates, components may affect taxpayers and welfare applicants quite differently. The table also cites the data sources used in valuing the components.

The values of the tangible benefits and costs were estimated by first measuring the effects of the program and then valuing these effects in dollars. Program effects were estimated as the experimental-control differences in means for several different program enrollment and outcome measures.[4] For earnings and welfare impacts, the mean differences were estimated using the Unemployment Insurance records and AFDC data described in Chapter 2. For the other outcome measures, data came from the applicant and the worksite surveys and information collected on the use of alternative training programs as well as from Unemployment Insurance and AFDC records. The factors valued in estimating program operating costs -- differences in the length of Job Search and EWEP enrollment -- were measured using Job Search workshop and EWEP attendance logs in addition to EPPIS data. In all cases, the experimental-control differences indicated how the experimental groups' experience differed from what it would have been had the programs not been implemented.

These effects were then valued in terms of the resources produced, saved or used as a result of Job Search and EWEP. The costs of these resources were estimated in 1983 dollars using published data and program expenditure records. This resource-cost approach is practical, consistent and relatively easy to interpret. However, it does not take intangible effects into account, and it accurately values tangible effects only insofar as the social demand for these resources is reflected by the cost estimates.[5]

Benefits and costs have been estimated for each of the four experimental groups in the demonstration: AFDC Job Search, AFDC Job Search/EWEP, AFDC-U Job Search, and AFDC-U Job Search/EWEP. In addition, the estimates have been disaggregated according to applicants' prior work experience. To do this, experimental-control differences in enrollment and outcome measures were calculated separately for each experimental group and then valued using the resource-cost estimates. In most instances, these estimates did not vary by experimental research group, but the exceptions will be noted. As a result, benefit-cost findings can be compared by research group to ascertain differences in the relative effectiveness of the Job Search and the Job Search/EWEP models as well as the relative effectiveness of serving different groups of welfare applicants.

All benefit-cost estimates reflect effects on program participants as well as nonparticipants for reasons explained below. One of the intentions of programs with mandatory participation requirements, such as EPP and EWEP, is to deter welfare applicants from receiving welfare. Participation need not occur for a program to serve as a deterrent. Moreover, costs are associated with nonparticipants as well as participants, including the costs of contacting and registering welfare applicants, enforcing mandatory participation requirements, as well as the costs of program reporting and administration required for these activities.

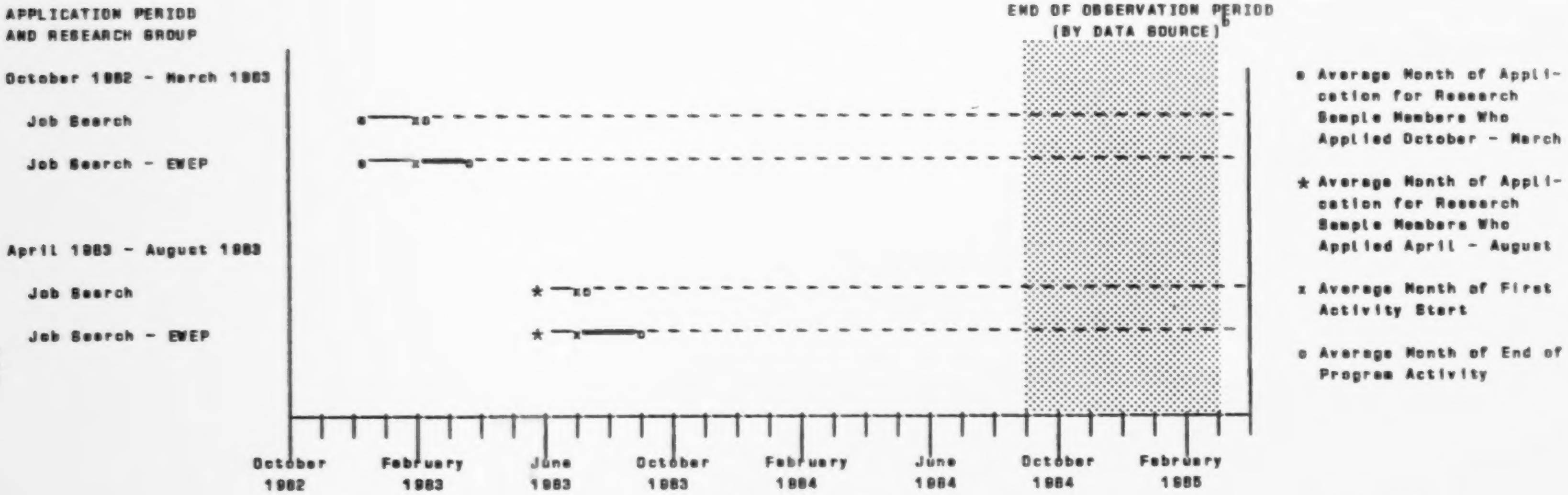
The data used to estimate various benefit and cost components cover an observation period beginning in October 1982. As indicated in Chapter 2, random assignment to the experimental and control groups began in August 1982, but only applicants assigned after September 1982 are included in the analysis. The end of the observation period varies by data source from September 1984 (for program enrollment data) to March 1985 (for Unemployment Insurance benefits data). Program benefits and costs accruing after the end of the observation period -- up to five years after random assignment -- have been estimated on the basis of these data and a series of assumptions. All benefits and costs have been discounted to reflect 1983 dollars.

Given that applicants were randomly assigned between October 1982 and August 1983, the length of observation ranges between 13 and 29 months (on average, 21 months) depending on the time of application and the data source. This is shown in Figure 5.1. For example, for an applicant assigned in October 1982, the length of observation for earnings data is 26

FIGURE 5.1

SAN DIEGO

AVERAGE LENGTH OF TIME UNTIL FIRST ACTIVITY AND END OF PROGRAM PARTICIPATION FOR PARTICIPANTS[a], BY APPLICATION PERIOD AND RESEARCH GROUP



SOURCE: MDRC calculations from EPP information system enrollment data.

NOTES: Unbroken lines indicate average time from application to start of first activity. Bold lines indicate average length of stay in either Job Search or EWEP. Broken lines indicate length of post-participation observation.

[a] Participation is defined as attending Job Search for at least one day.

[b] The end of the observation period was September 1984 for program tracking records, December 1984 for Unemployment Insurance earnings records, February 1985 for AFDC records, and March 1985 for Unemployment Insurance benefits records.

months. The period of observation in this case includes between 22 and 24 months of postprogram follow-up (that is, after program participation) because the average time between application and completion of program activities is about two months for the Job Search group and four months for the Job Search/EWEP group.[6]

The length of postprogram follow-up was obviously shorter for succeeding groups of applicants. At the extreme, an applicant assigned to the Job Search group during August 1983 had an average earnings follow-up of 14 months and, if in the Job Search/EWEP group, 12 months. However, these figures are averages; follow-up on individual applicants was more or less than the average. In a few cases, applicants had not yet completed program activities by the December 1984 cutoff. As discussed later in this chapter, the limited length of follow-up means that the results are subject to some uncertainty.

B. Benefits

The principal benefits of the Job Search and the Job Search/EWEP sequence are increased output, increased tax payments, reduced dependence on transfer programs, and reduced use of alternative training programs. These benefits will be discussed in turn.

1. Increased Output

Experimentals in the Job Search and Job Search/EWEP groups produced more goods and services during the observation period than did their counterparts in the control group. First, EWEP participants were assigned to work experience positions in government agencies and nonprofit organizations; they provided labor while obtaining job experience. Second, both

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groups of experimentals on average worked more hours in regular labor market jobs than controls, generating another net increase in output. These two types of output will be addressed separately because the benefits associated with each were estimated using different methods and data sources. They will also be treated differently within the accounting framework outlined above.

The goods and services that the Job Search/EWEP group produced in work experience assignments were used by the general community and hence represent a benefit to both taxpayers and society as a whole. For example, participants worked as groundskeepers in local parks, clerks and typists in public schools and agencies, and program aides in youth and senior citizen services organizations.

In keeping with the resource-cost approach, the value of this output was estimated as the supply price of the labor service provided -- that is, the cost to an agency of obtaining alternative labor to supply the same service. Data from the worksite survey, EWEP attendance logs and EPPIS were used to calculate the value of this output. First, the productivity of EWEP participants relative to regular workers was estimated by agency staff who supervised the participants.[7] This was used to calculate a productivity ratio that was multiplied by the number of hours participants were assigned to the job during the period they were actively working[8] in order to provide an estimate of the time regular workers would take to perform the same work. For the AFDC group, an estimated 44 hours of regular workers' labor per experimental (or 291 hours per EWEP participant) would have been needed to do the work. For the AFDC-U group, the estimate was 52 hours per experimental (273 hours per EWEP participant).

This estimate, in turn, was multiplied by regular workers' wage rate (marked up for fringe benefits), which yielded the supply price estimate used in the analysis.[9] The average rate for the work done by the AFDC participants in EWEP was $4.48 per hour (plus 17 percent for fringe benefits); the rate was $5.30 (plus 15 percent for fringe benefits) for the AFDC-U's. Using this approach, the value of the output produced by EWEP participants was estimated to be $205 per AFDC experimental and $354 per AFDC-U experimental assigned to the Job Search/EWEP group.

The higher estimate for the AFDC-U group reflects three factors. First, as indicated in Chapter 4, the rate of participation of the AFDC-U experimentals in EWEP was higher than for the AFDC experimentals; thus, the number of hours they worked was also higher. Second, the average productivity of AFDC-U participants was rated as very high -- higher, in fact, than the regular workers to whom agency supervisors compared participants. This finding is consistent with the high ratings of AFDC-U participants' skills, effort and dependability given by the supervisors in the worksite survey.[10] The average productivity of AFDC participants was 87 percent that of regular workers, a reasonable level given the limited work histories of some participants. Third, as indicated above, the average regular wage rate for EWEP jobs held by AFDC-U participants was higher than the rate for AFDC participants, reflecting the difference in the job tasks performed by the two groups.[11]

Increased output also resulted from the regular jobs held by both Job Search and Job Search/EWEP experimentals after they left the program. Experimental-control differences in earnings were used as the basis for valuing the net increase attributable to the Job Search/EWEP sequence, as seen in Table 5.2. For the AFDC group, the earnings difference during the observation period was $788 for those assigned to the Job Search/EWEP group and $693 for those assigned only to Job Search. The differences for the AFDC-U experimentals were also positive but smaller: $312 and $231, respectively. Readers should bear in mind that these figures reflect aggregate earnings differences through December 1984 for all experimentals and therefore differ from the regression-adjusted earnings results for individual quarters reported in Chapters 3 and 4.

Assuming that labor markets are competitive, employers will pay total compensation equal to the value of a worker's marginal product.[12] Thus, the estimate of the value of the increase in output due to the program was based on the experimental-control differences in earnings. The calculation also took account of nonwage compensation, which national employment compensation data indicate is about 18 percent of earnings in the relatively low-wage jobs held by most experimentals and controls.[13] The resulting fringe benefits estimates are shown in Table 5.2.

The value of employees' output benefits taxpayers, but because they also pay for the output, the net value to them is zero. In contrast, the net increase in wages and other compensation is a benefit to welfare applicants and a net benefit to society as well. The value of the EWEP output is also a benefit to society, but the social gain is distributed differently: the value of EWEP output is a benefit to taxpayers and does not affect experimentals.[14]

Two important caveats need to be considered concerning output components. First, unlike regular labor market output, the EWEP output was produced under conditions in which employers did not demonstrate a willing-

TABLE 5.2

SAN DIEGO

ESTIMATED EXPERIMENTAL-CONTROL DIFFERENCES IN EARNINGS, FRINGE BENEFITS, AND TAXES PER EXPERIMENTAL FOR THE OBSERVATION PERIOD[a], BY ASSISTANCE CATEGORY AND RESEARCH GROUP

	AFDC		AFDC-U	
Component of Analysis	Job Search-EWEP	Job Search	Job Search-EWEP	Job Search
Earnings[b]	$788	$693	$312	$231
Fringe Benefits	142	125	56	42
Taxes				
Federal Income Tax	78	68	36	32
State Income Tax	13	11	6	5
Social Security Tax	55	48	22	16
State Sales and Excise Taxes	4	4	-5	-5
Total Taxes	151	132	59	49

SOURCES: MDRC calculations from Unemployment Insurance earnings records; published data on tax rates and employee fringe benefits.

NOTES: The results are based on a sample of 3235 Job Search - EWEP experimentals, 1878 Job Search experimentals, and 1884 controls. Because of rounding, detail may not sum to totals.

[a] The end of the observation period was December 1984 for Unemployment Insurance earnings records.

[b] These estimates are unadjusted experimental-control mean differences in total earnings through December, 1984 and thus differ from the regression-adjusted estimates for fixed periods of follow-up presented in Chapters 3 and 4.

ness to pay for it; there was no direct cost to them of obtaining EWEP labor services. Thus, the supply price of the output does not necessarily reflect demand for the output, although there is evidence that the demand was substantial.[15] Second, in working in both EWEP assignments and regular jobs, experimentals may have displaced other workers who subsequently became unemployed. To the extent displacement occurred, the net value of the increased output to society was reduced, because society gave up the output that would have been produced by the displaced workers. However, the short-term displacement caused by EWEP jobs appears to have been minimal;[16] and the relatively low unemployment in the San Diego area, particularly in the later months of the demonstration, makes it likely that many workers who were displaced by experimentals either in EWEP or regular employment could have found other jobs.

2. Increased Tax Payments

Experimentals' earnings gains from regular jobs resulted in increased tax payments, including federal and state income taxes, Social Security payroll taxes, and state sales and excise taxes. These taxes have been imputed based on experimentals' earnings (total earnings in the case of payroll and sales taxes, earnings over a base amount for income taxes), other income (for sales taxes), marital status and dependents, the relevant tax rates and average consumption patterns. The resulting estimates are consequently experimental-control differences in legal tax incidence.[17]

The overall differences in taxes for AFDC experimentals were $151 for the Job Search/EWEP group and $132 for the Job Search only group. The differences for the two AFDC-U experimental groups were $59 and $49, respectively. Federal income and Social Security taxes accounted for most of this. Thus, slightly less than one-fifth of the earnings increase received by experimentals went to taxpayers in the form of higher tax payments. Because this benefit to taxpayers was offset by a loss to experimentals, there was no net benefit or cost to society as a whole.

3. Reduced Dependence on Transfers

In part because of their increased earnings, experimentals reduced their dependence on public transfer programs, thus generating two types of benefits. First, the reduction in cash and in-kind transfers represented a benefit to taxpayers and a loss to welfare applicants. As in the case of the increase in tax payments, this reduction resulted in no net social benefit. Second, the reduced use of transfer programs freed administrative resources, benefiting both taxpayers and society.

Changes in five types of transfers were estimated: welfare (AFDC), Food Stamps, General Relief, Unemployment Insurance, and MediCal. Experimental-control differences in total welfare payments and UI benefits during the follow-up period (as opposed to the differences for the fixed period covered in Chapters 3 and 4) were estimated using AFDC and UI records data.[18] Applicant survey data were used to estimate experimental-control differences for General Relief.[19]

Differences in the other transfer payments were not directly measured, but were estimated using various data sources. Food Stamps differences were imputed on the basis of household income (including earnings, AFDC and UI) and the earnings disregard (18 percent of earnings) as well as child care and medical deductions used to determine both Food Stamps eligibility and the amount of benefits.[20] Finally, differences for MediCal were estimated based on the regulations in force at the time of the demonstration, which specified that persons who were off the AFDC rolls for more than four months were not eligible for MediCal in most cases. Differences between experimentals and controls in the number of months of MediCal ineligibility were estimated. These differences were then valued on the basis of the average monthly payments made to MediCal participants who were public assistance recipients in the County of San Diego during fiscal year 1983.[21]

The results are presented in Table 5.3. The welfare (AFDC) payments of all four experimental groups decreased. The reductions for the AFDC-U research groups -- $817 for the Job Search/EWEP group and $724 for the Job Search group -- were roughly double the $411 and $326 reductions for the AFDC groups. The pattern of MediCal effects was about the same, which is not surprising given that MediCal eligibility is mainly determined by AFDC status for the population served by the programs. The reductions in MediCal benefits for the AFDC-U group were larger than those for the AFDC experimentals.

The other results, however, do not follow this pattern of reductions. First, Unemployment Insurance was higher for experimentals than for controls, except for the AFDC applicants assigned to the Job Search/EWEP group, whose UI payments showed virtually no change. The size of those increases in UI benefits are small compared to the preliminary estimates reported earlier.[22] Given that more experimentals than controls got jobs, some of the increases in UI benefits may be attributed to those who gained and later lost jobs, thus becoming eligible for UI.

Second, Food Stamps transfers decreased for the AFDC research groups, but increased for the AFDC-U groups. For the AFDC's, relatively large

TABLE 5.3

SAN DIEGO

ESTIMATED EXPERIMENTAL-CONTROL DIFFERENCES IN TRANSFER PAYMENTS AND ADMINISTRATIVE COSTS PER EXPERIMENTAL FOR THE OBSERVATION PERIOD[a], BY ASSISTANCE CATEGORY AND RESEARCH GROUP

	AFDC		AFDC-U	
Type of Payment or Cost	Job Search-EWEP	Job Search	Job Search-EWEP	Job Search
Transfer Payments				
AFDC[c]	-$411	-$326	-$817	-$724
General Relief	12	-1	4	7
Unemployment Compensation[c]	-1	68	15	24
MediCal	-121	-62	-146	-138
Food Stamps	-53	-123	54	5
Total Transfer Payments	-573	-443	-891	-826
Administrative Costs				
AFDC	-33	-26	-65	-58
General Relief	1	b	b	b
Unemployment Compensation	-b	6	1	2
MediCal	-8	-4	-10	-9
Food Stamps	-4	-10	4	b
Total Administrative Costs	-44	-34	-69	-64

SOURCES: MDRC calculations from AFDC and Unemployment Insurance earnings and benefits records; applicant survey; published data on welfare administrative costs.

NOTES: The sample sizes for the survey-generated estimates of General Relief payments are 155, 302 and 140 for the AFDC controls, Job Search - EWEP experimentals, and Job Search experimentals respectively; and 148, 335 and 169 for the AFDC-U controls, Job Search - EWEP experimentals, and Job Search experimentals. The sample sizes for other payments are 3235 Job Search - EWEP experimentals, 1878 Job Search experimentals, and 1884 controls. Because of rounding, detail may not sum to totals.

[a] The end of the observation period was February 1985 for AFDC records, March 1985 for Unemployment Insurance benefit records, and December 1984 for Unemployment Insurance earnings records. General Relief benefits were estimated through December 1983 using data from the applicant survey conducted six months after application.

[b] Less than $0.50.

[c] These estimates are unadjusted experimental-control mean differences in total payments through December 1984 and thus differ from the regression adjusted estimates for fixed periods of follow-up presented in Chapters 3 and 4.

earnings increases and relatively small reductions in welfare and in UI payments account for their reduced eligibility for Food Stamps. In contrast, for the AFDC-U's, small increases in earnings and large welfare reductions led to small Food Stamps increases. Finally, General Relief payments increased by small amounts for all experimental groups except AFDC Job Search.

The overall reduction in transfer payments to AFDC-U experimentals was very large: over $800 per experimental for both Job Search/EWEP and Job Search experimentals. This overall finding reflects the substantial reductions in welfare and MediCal payments, offset to some extent by increases in UI, Food Stamps and General Relief. The overall reduction for the AFDC group was less substantial. This net reduction was a little more than half the AFDC-U savings -- $573 and $443 for the Job Search/EWEP and Job Search groups, respectively -- due to the fact that welfare and MediCal reductions were much smaller.

Changes in the administrative costs incurred by the five transfer programs were also estimated by multiplying the experimental-control differences in transfer payments by the estimated average administrative cost per dollar of transfer. The administrative cost figures were derived from data for the County of San Diego, the State of California, and the federal government covering the fiscal year 1983.[23]

The resulting estimates in Table 5.3 generally mirror the findings for transfer payments. The estimated administrative cost savings were $69 and $64 per experimental in the AFDC-U Job Search/EWEP and Job Search groups, respectively, with most of the savings coming from the welfare program. Again, the savings for the AFDC groups were smaller. These cost savings were a benefit to taxpayers and, inasmuch as the applicants were unaffected, a benefit to society as well.

4. Reduced Use of Alternative Training Programs

The principal employment and training services available to members of the control group were classroom training and individual job search through the WIN Program and, for those eligible, training provided under the Job Training Partnership Act (JTPA). A small number of experimentals also received these services. In addition, a few members of the control group participated in the Food Stamps Workfare program operated in San Diego.[24] Since more of these training resources were devoted to controls than to experimentals, the net cost of these resources must be taken into account in this analysis. The costs associated with registering and assessing controls are treated separately in the "Program Operating Costs" section below.

The training service that controls enrolled in most frequently was WIN classroom training in health occupations provided in the Employment Service Program (ESP); a few experimentals also participated. ESP class attendance data were collected to determine the difference in the use of this program by experimentals and controls.[25] EPPIS data were used to estimate the participation of controls and experimentals in WIN training programs other than ESP, as well as in individual job search. Finally, the applicant survey data were used to assess the use of the JTPA and Food Stamps Workfare programs.

Based on these data, experimental-control differences in the use of training options were calculated. On average during the observation period, controls were actively enrolled in individual job search for about half a day more than experimentals and in WIN training classes for half a day to a full day more than experimentals, depending on the experimental group. Controls also participated in JTPA and Food Stamps Workfare slightly more often than experimentals. These differences were valued using training program cost data obtained from WIN, the Regional Employment and Training Consortium (RETC, the JTPA agency in San Diego) and time-study data for the work experience unit of the San Diego Department of Social Services.[26]

The resulting estimates of the cost savings associated with the reduced use of alternative training services varied between $44 for the AFDC-U Job Search group and $57 for the AFDC Job Search/EWEP group. The experimentals' less frequent use of the ESP program accounted for most of the savings, which constituted a benefit to taxpayers and to society as a whole.

In addition, participants in these training alternatives could receive assistance with child care, transportation and other training-related expenses. Data on the cost of these services for WIN registrants (both experimentals and controls) indicated small reductions for both the AFDC and AFDC-U experimental groups. These reductions were a benefit to taxpayers and a loss to experimentals, producing no net social benefit.

5. Future Benefits

The benefits discussed thus far were estimated for the observation period only. However, the analysis also addresses the benefits that occur after this period. To calculate these benefits, assumptions were made about how the size of the impacts changed after the observation period. Four specific assumptions were used in extrapolating benefits from increased output and taxes and reduced dependence on transfers. These assumptions pertain to the base estimate, time horizon, decay rate and discount rate.[27]

First, the base estimate selected for extrapolation was the experimental-control impact difference (for example, the difference in earnings) for the last two quarters of the observation period (for the earnings data, this period covers July through December 1984). This is the most recent evidence available, and therefore is the most appropriate basis for extrapolation. Chapters 3 and 4 presented regression-adjusted estimates of impacts for these last two quarters, while this analysis has used unadjusted estimates.

Second, the time horizon over which the benefits were extrapolated was set at five years from the point of random assignment. This is approximately the average length of time AFDC applicants remain on the rolls nationwide.[28] This uniform horizon implies that benefits are to be extrapolated into the future for different lengths of time, depending on the date of random assignment for each person. For example, for someone enrolling between October 1982 and March 1983, the observation period was approximately eight quarters, depending on the data source, and hence benefits were extrapolated for three years. For those enrolling between April and August 1983, however, only six quarters could be observed, so extrapolation covers three and one-half years.

Third, the decay rate is the rate at which the base estimate is assumed to change over time. Decay rates were estimated for the earnings and AFDC impacts during the observation period,[29] and these rates were assumed to apply in the extrapolation period. Separate rates were computed for each of the four experimental groups and for the application periods from October 1982 through March 1983 and from April through August 1983. The results indicate that impacts did decay over time -- that is, experimental-control differences declined in size from their levels in the second or third quarter after random assignment -- but that the amount of the decay varied by experimental group and period of assignment. The estimated quarterly decay rates for earnings varied between zero and 39 percent, depending on the group, while the welfare decay rates ranged from 5 to 22 percent per quarter. The decay rates for Job Search/EWEP were substantially lower than those for Job Search -- in other words, the Job Search/EWEP impacts lasted longer than the Job Search impacts. The earnings decay rates were used for both the earnings and taxes benefits, while the welfare rates were used for all transfers. These estimates are obviously very important to the extrapolation procedure and, therefore, the sensitivity of the results to alternative decay-rate estimates will be tested in the following section of the chapter.

Finally, the discounting procedure adjusted future benefits to their 1983 dollar values. This procedure took account of both inflation and the value of foregone investment after 1983. A real discount rate -- that is, a rate adjusted for inflation -- of 5 percent per year was used for this purpose.[30]

Table 5.4 presents estimates of the observed benefits, the estimated future benefits, and finally the total estimated benefits of EPP and EWEP. The extrapolated benefits substantially increase the total benefit estimates for both AFDC groups. For the AFDC-U groups, the extrapolation also increases the size of total benefits over those observed except in the

TABLE 5.4

SAN DIEGO

ESTIMATED OBSERVED AND EXTRAPOLATED BENEFITS PER EXPERIMENTAL, BY RESEARCH GROUP AND ASSISTANCE CATEGORY

Benefit Variable	Job Search - EWEP			Job Search		
	Observed Benefits[a]	Extrapolated Benefits[b]	Five-Year Total	Observed Benefits[a]	Extrapolated Benefits[b]	Five-Year Total
AFDC						
In-Program Output	$205	$0	$205	-$3	$0	-$3
Earnings and Fringe Benefits	919	1313	2232	810	726	1536
Tax Payments	147	224	371	129	106	235
Transfer Payments	566	509	1076	437	243	679
Transfer Program Administration	42	41	82	33	18	51
Reduced Use of WIN	57	0	57	50	0	50
AFDC-U						
In-Program Ouput	$354	$0	$354	$5	$0	$5
Earnings and Fringe Benefits	367	-215	151	270	162	433
Tax Payments	58	-15	42	47	41	88
Transfer Payments	882	691	1572	818	754	1571
Transfer Program Administration	66	53	118	62	55	117
Reduced Use of WIN	55	0	55	44	0	44

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: Results are expressed in fiscal year 1983 dollars and therefore will not precisely match observed results presented in Tables 5.2 and 5.3. Because of rounding, detail may not sum to totals.

[a] Based on available follow-up data.

[b] Extrapolated benefits are estimated from the end of the observation period to five years from the point of random assignment.

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case of earnings and taxes for the Job Search/EWEP group.

It should be remembered that all estimates of program benefits in the table are unadjusted experimental-control differences in outcomes for the entire observation period, not regression-adjusted estimates for fixed follow-up periods reported in Chapters 3 and 4. Adjusting for exogenous differences between the experimental and control groups -- as was done in estimating employment and welfare impacts -- is clearly desirable. However, the benefit-cost analysis must simultaneously weigh a number of different program outcomes and costs. Making adjusted estimates of all benefit and cost components that are comparable to those used in Chapters 3 and 4 would require additional data collection and assumptions, as well as further statistical modeling not undertaken for this analysis. Given that adjustments in all components could not be made, the consistent use of unadjusted estimates permits all benefits and costs to be weighed on the same scale.

In most instances the unadjusted estimates of earnings and welfare effects in Table 5.4 do not differ substantially from adjusted estimates.[31] However, these differences -- together with the fact that estimates for the benefit-cost analysis cover the entire observation period, not fixed follow-up periods -- mean that the estimates in Table 5.4 differ from the impact findings presented earlier. The sensitivity of the overall benefit-cost results to the use of unadjusted rather than adjusted estimates is discussed later in this chapter.

C. Costs

EPP and EWEP costs fall into two categories: (1) program operating costs and (2) allowances and support service costs. Costs in the first category include staff salaries and fringe benefits, expenditures for facilities, and other related expenses. The second category includes allowances paid to experimentals, as well as child care, transportation and other support services.

1. Program Operating Costs

Estimating the net operating costs of providing Job Search and EWEP services to experimentals is a complicated matter. One of the difficulties is that demonstration costs were charged against a number of different program accounts, to which other program costs were also charged. Another problem is that the operating costs of EPP Job Search and EWEP apply to all program enrollees, not just to those in the experimental and control groups. The estimation of costs thus entails numerous decisions about how to allocate total program expenditures.

A six-step procedure was used to estimate costs. First, the resources used in the two programs -- and the accounts to which these costs were assigned -- were identified. EPP and EWEP operations in the state and local offices of EDD and DSS had been charged to separate EDD and DSS demonstration grants, five different EDD WIN accounts and two County of San Diego WIN accounts, as well as to EDD and County general-purpose accounts. In addition, some support service costs were charged to other program accounts, as discussed below.

Expenditure data for these accounts were collected for the five quarters of program operations between October 1982 and December 1983. These data not only include all of the operating costs of serving experimentals and controls, but also the costs incurred for people served by EPP or EWEP who were not in one of the demonstration research groups.

Second, the total operating costs incurred at the local level by EDD and DSS offices during this five-quarter period were allocated among the 24 program functions listed in Table 5.5. This allocation was based on a time study of work activities in the EDD and DSS offices as well as data obtained from EPPIS and staff interviews.

The time study was conducted during a two-week period in August 1983.[32] Staff recorded the time they devoted to 20 EPP, EWEP and WIN functions as well as to unrelated activities (personal leave, and other programs such as the Employment Service and Food Stamps). Although some functions were clearly related to one of the two programs for experimentals or to the regular WIN Program for the control group, other functions could not readily be assigned to one or the other. For example, the same staff members registered EPP and control group applicants, and it would have been difficult to assess the amount of time spent on the different groups. Therefore, in the time study the staff simply recorded the amount of time devoted to registration as a whole, and that amount was allocated between EPP and WIN based on EPPIS data identifying the number of applicants in each group.

Part or all of some EPP Job Search functions were associated with the demonstration research, not ongoing operations, and were thus excluded in estimating net operating costs. The amount of staff time devoted to research-related activities was determined from the time study and from staff interviews. All of the EDD staff time spent on random assignment, 47 percent of the EDD staff time and 12 percent of the DSS staff time devoted to program reporting, and 20 percent of all the time spent on administra-

TABLE 5.5

SAN DIEGO

EDD AND DSS DIRECT LABOR COSTS, BY PROGRAM FUNCTION

Function	Percent of Direct Labor Costs	
	EDD	DSS
Job Search Registration Functions		
JWP Job Search	4.6	0.0
Registration/Orientation	6.6	4.4
Assessment	2.3	3.7
Administration/Supervision	2.8	2.1
Total	16.3	10.2
Job Search Ongoing Functions		
Counseling/Payments and Support Services Arrangements	9.3	6.0
Noncompliance Follow-Up	7.6	0.3
Job Search Workshop	19.1	15.0
Post JSA Services	3.6	5.7
Program Reporting	6.9	11.0
Administration/Supervision	8.3	10.0
Total	54.8	48.0
EWEP Functions		
Placement and Counseling	0.1	2.9
Support Services Arrangements	0.0	1.7
Program Reporting	0.8	2.7
Noncompliance Follow-Up	0.0	1.2
Administration/Supervision	0.5	2.7
Total	1.4	11.2
WIN Functions		
Registration/Orientation	4.3	1.7
Assessment	1.0	1.5
Program Services/Support Services Arrangements	5.2	6.0
Program Reporting	2.8	5.0
Administration/Supervision	2.4	3.7
Total	15.7	17.9
Research-Related Functions		
Random Assignment	0.0	5.3
EWEP Start-Up Costs	0.3	2.5
Program Reporting	9.5	2.4
Administration	1.5	3.3
Total	11.3	13.5
Total	100.0	100.0

SOURCES: MDRC time study of DSS and EDD staff hours spent on EPP and EWEP and data on DSS and EDD staff salaries.

NOTE: Distributions may not add exactly to 100.0 percent because of rounding.

tion, was judged to be related to research.[33]

Third, the resulting allocation of staff time was valued using pertinent wage rates, yielding a functional breakdown of direct labor costs. This breakdown can be considered representative of the five-quarter period over which operating cost data were collected, except in two respects that required adjustments. The first adjustment was needed because fewer resources were devoted to EWEP functions during the first three quarters than the time study indicated due to the fact that a number of EWEP staff were hired during the summer of 1983. A second adjustment was required because much of the staff time devoted to EWEP during the first quarter (October through December 1982) was associated with program start-up, not ongoing operations.[34]

The final allocation of direct labor costs by program function is shown in Table 5.5. This allocation indicates, for example, that 19 percent of EDD labor costs and 15 percent of DSS labor costs were devoted to the job search workshops. A substantial portion of staff time was devoted to monitoring noncompliance, including efforts to bring individuals into compliance with EPP and EWEP rules and to institute sanctioning procedures. Also notable is the fact that about one-fifth of the labor costs of both EDD and DSS were devoted to program reporting that was not required for the other functions listed in Table 5.5 (such as registration). A large part of this reporting was research-related.

The fourth step involved aggregating the labor costs into the five program categories shown in Table 5.5, determining the fraction of total labor costs in each category, and then allocating all personnel and nonpersonnel costs accordingly for the five quarters ending in December 1983.

All operating costs incurred in the local offices were divided into (1) EPP registration costs, (2) ongoing EPP costs, (3) EWEP costs, (4) WIN registration and ongoing costs (for controls), and (5) costs related to research and start-up. Costs in the first three categories together constitute the total operating costs of EPP and EWEP; the fourth category includes all costs associated with WIN registration, assessment and referrals for controls.

Operating costs incurred for administering EPP Job Search, EWEP and WIN at the state level were estimated and allocated proportionately among the four operating categories. Because San Diego was one of six counties involved in the statewide demonstration, EPP's share of state-level demonstration expenditures was estimated to be one-sixth. The share of WIN state-level expenditures for EPP was estimated as 7.4 percent, San Diego's fraction of the State's on-board WIN registration during fiscal year 1983.[35]

The next step involved estimating the following three unit costs to be used in calculating the net operating costs for the four research groups:

- Net EPP registration cost per experimental -- This is the cost of EPP registration (the first cost category) per experimental, minus the cost of WIN registration per control (part of the fourth cost category).
- Net EPP ongoing cost per working participation day -- This is the ongoing EPP cost (the second category) minus the cost of ongoing WIN functions (the remainder of the fourth cost category) per EPP enrollment day.
- Net EWEP cost per EWEP enrollment day -- This cost includes all EWEP functions (the third cost category) and is expressed per EWEP enrollment day.

EPPIS data were used to generate the enrollment unit denominators for the first of these three unit costs, while Job Search workshop and EWEP attendance logs were used for the other two. The unit estimates are experimental-control differences through September 1984.[36]

Finally, as shown in Table 5.6, experimental-control differences in EPP Job Search participation and EWEP enrollment for each of the four research groups were multiplied by the unit costs. These differences reflect the entire observation period for enrollment data of October 1982 through September 1984. The figure used for days in EPP is the number of days of active participation in the job search workshops, and the number of EWEP days covers the period from referral to EWEP through completion of the work assignment.[37]

Because the average amount of participation in the job search workshops was slightly greater for AFDC-U's than for AFDC's, the EPP cost per AFDC-U experimental was proportionately higher. In addition, the cost of serving Job Search/EWEP experimentals in both assistance categories was higher than that for the Job Search only group. As a result, the operating costs of the demonstration ranged from a low of $537 for the AFDC Job Search applicants to a high of $696 for the AFDC-U experimentals assigned to the Job Search/EWEP group. These estimates reflect the net operating costs of EPP and EWEP -- that is, the gross EPP/EWEP costs of serving experimentals[38] minus the costs of serving controls. These costs constitute the largest single expenditure for taxpayers and for society as a whole.

2. Allowances and Support Services

The second category of EPP and EWEP costs includes the allowances paid to experimentals during Job Search, as well as the child care, transportation assistance, and other support services provided during Job Search and

TABLE 5.6

SAN DIEGO

ESTIMATED LENGTHS OF ENROLLMENT AND NET ENROLLMENT COSTS PER EXPERIMENTAL FOR THE OBSERVATION PERIOD[a], BY ASSISTANCE CATEGORY AND RESEARCH GROUP

Type of Cost	Mean Length of Enrollment (Days)				Operating Cost of Enrollment (per day)	Total Cost			
	AFDC		AFDC-U			AFDC		AFDC-U	
	Job Search-EWEP	Job Search	Job Search-EWEP	Job Search		Job Search-EWEP	Job Search	Job Search-EWEP	Job Search
Net EPP Registration	--	--	--	--	--	$68.03	$68.03	$68.03	$68.03
Net EPP Enrollment	4.71	4.91	5.44	5.12	95.70	450.75	469.89	520.61	489.98
Net EWEP Enrollment[b]	21.89	-0.30	26.05	0.33	4.11	89.97	-1.23	107.07	1.36
Total Net Costs						608.75	536.69	695.71	559.37

SOURCES: MDRC calculations from program cost data, EPP Information System data, EWEP logs and Job Search attendance logs.

NOTES: The enrollment day means are based on a sample of 3235 Job Search - EWEP experimentals, 1887 Job Search experimentals and 1884 controls.

[a] The end of the observation period was September 1984 for program tracking records.

[b] Some members of the control and Job Search group did enter EWEP. Therefore, we have used net enrollment -- that is, the experimental-control differences in enrollment, to estimate costs.

EWEP. These allowances and services were funded by several sources. Expenditure data on allowances and support service costs paid by EDD for program participants were collected by EDD in an automated accounting system. Cost data for services funded by other sources were assembled from individual case file records.

EDD paid a job search allowance of $5 per day of attendance at the workshops. The cost of this job search allowance per experimental was estimated using EDD data.[39] The resulting allowance estimates are presented in Table 5.7, along with estimates of the costs of support services. The estimates varied from $20 to $23 per experimental for the AFDC and AFDC-U Job Search/EWEP groups respectively.

Child-care assistance was provided by EDD (charged to WIN), DSS (also charged to WIN accounts), CDF (Child Development Funds managed by the Education Department) and County funds. EDD paid for child care provided during Job Search at a cost of $4 per AFDC experimental and $1 per AFDC-U experimental. The amount of money spent on subsidized child care during EWEP was surprisingly small: CDF and WIN incurred child-care costs of only $3 per AFDC Job Search/EWEP experimental, and less than $1 per AFDC-U experimental. The reason that average child care costs are so low is that, while the cost per experimental who received child care assistance was $82 for those in Job Search/EWEP and $59 for those assigned to Job Search alone, only about 5 percent of experimentals received such assistance.

Transportation reimbursements and bus tokens were provided by WIN (EDD), WIN and EWEP (both DSS), and County funds. Miscellaneous assistance for clothing and uniforms, emergency needs and other items was provided by EDD, WIN and County funds. The average value of the transportation

TABLE 5.7

SAN DIEGO

ESTIMATED NET COSTS OF EDD ALLOWANCES AND SUPPORT SERVICES PER EXPERIMENTAL FOR THE OBSERVATION PERIOD[a], BY ASSISTANCE CATEGORY AND RESEARCH GROUP

	AFDC		AFDC-U	
Type of Cost	Job Search-EWEP	Job Search	Job Search-EWEP	Job Search
EDD Allowances	$20.06	$20.35	$23.04	$22.24
Child Care				
EDD Child Care	4.01	4.02	0.64	0.80
Other Child Care	3.02	0.12	0.24	0.00
Total Child Care	7.03	4.14	0.88	0.80
Transportation	2.22	0.38	4.05	2.18
Other Support Services	2.12	1.66	8.33	5.76
Total	$31.43	$26.53	$36.30	$30.98

SOURCE: MDRC calculations from program cost data.

NOTES: A few members of the control group received EDD allowances and support services during the observation period. In addition, some other support services are available to members of both the experimental and the control groups. Therefore, the net costs of allowances and support services -- that is, the experimental-control differences in costs per experimental -- have been estimated.

[a] The end of the observation period was March 1985 for support services and June 1985 for EDD allowances.

assistance ranged from less than $1 to $4 per experimental, depending on the research group. The cost of the other assistance varied between $2 and $8 per experimental.

Total net allowances and support service costs -- that is, the costs for experimentals[40] minus the costs for controls -- were highest for experimentals assigned to the Job Search/EWEP group. The cost was $31 and $36 for experimentals in the AFDC and AFDC-U assistance categories, respectively, and slightly lower for experimentals in the Job Search group. It is important to underscore that these amounts are expressed per experimental; the costs per participant are considerably greater than these figures while the costs per nonparticipant are approximately zero. Because the cost of these allowances and services to taxpayers is offset by their value to experimentals, no net social cost results.

In addition, experimentals themselves bore some of the costs of child care and transportation. These out-of-pocket expenses were estimated for EWEP, using worksite survey data, as $15 per AFDC experimental and $16 per AFDC-U experimental; most were for transportation. Out-of-pocket expenses for EPP Job Search enrollment, which were probably small, were not measured.

Finally, in estimating costs for this benefit-cost analysis, the focus has been on the average operating and support costs of serving experimentals over and above what it costs to serve controls. However, policymakers are also interested in the full cost of serving an experimental who registers and then completes the maximum three weeks in Job Search and 13 weeks in EWEP. This cost was estimated to be approximately $1,200 for registration and Job Search and $400 for the addition of EWEP. The cost is slightly higher for AFDC experimentals because of their child-care needs. The cost of job search and work experience for an experimental who leaves the programs before reaching the participation limits is correspondingly less. As indicated in Chapter 3, participants leave the programs to take regular jobs, because their status has changed, and for other reasons.

D. Results

In presenting the results of the analysis, the overall findings will be discussed first and the results for subgroups will follow. The sensitivity of these results to assumptions used in the analysis will also be assessed. Finally, the budgetary implications of the results will be evaluated by level of government.

1. Overall Results

The findings for the benefit and cost components discussed above, discounted to reflect 1983 dollars, are added together in Tables 5.8 and 5.9. The first table covers the two AFDC experimental groups, and the second corresponds to the two AFDC-U groups. The results suggest that the programs' total benefits over a five-year time horizon exceeded their costs from the point of view of society as a whole for all experimental groups except the AFDC-U Job Search/EWEP group. However, both the amount of net social value generated and the way in which that value is distributed between applicants and taxpayers varied widely depending on the treatment and assistance group.

For the AFDC groups, the estimated social net present value is highly positive -- $1,096 for applicants assigned to Job Search only and $1,952 for those assigned to both Job Search and EWEP. To a great extent, these

TABLE 5.8

SAN DIEGO

AFDC APPLICANTS: ESTIMATED BENEFITS AND COSTS PER EXPERIMENTAL AFTER FIVE YEARS, BY RESEARCH GROUP AND ACCOUNTING PERSPECTIVE

	Job Search - EWEP			Job Search		
	Accounting Perspective			Accounting Perspective		
Component of Analysis	Social	Applicant	Taxpayer	Social	Applicant	Taxpayer
Benefits						
Output Produced by Participants						
Value of In-Program Output	$205	$0	$205	-$3	$0	-$3
Increased Output from Employment	2232	2232	0	1536	1536	0
Increased Tax Payments	0	-371	371	0	-235	235
Reduced Use of Transfer Programs						
Reduced AFDC Payments	0	-740	740	0	-453	453
Reduced Payments from Other Programs	0	-336	336	0	-228	226
Reduced AFDC Administrative Costs	57	0	57	35	0	35
Reduced Administrative Costs of Other Programs	25	0	25	16	0	16
Preference for Work Over Welfare[a]	+	+	+	+	+	+
Reduced Use of Other Programs						
Reduced Allowances	0	-4	4	0	-4	4
Reduced Operating Costs	53	0	53	48	0	48
Costs						
Program Operating Costs						
EPP Operating Costs	-516	0	-516	-535	0	-535
EWEP Operating Costs	-89	0	-89	1	0	1
Allowances and Support Services	0	31	-31	0	28	-28
Participant Out-of-Pocket Expenses	-15	-15	0	0	0	0
Foregone Personal and Family Activities[a]	-	-	0	-	-	0
Net Present Value (Benefits Minus Costs)	$1952	$797	$1155	$1098	$644	$452

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: Components are listed as benefits or costs according to a priori expectations regarding their value from the social perspective. However, the results presented reflect actual outcomes, not expectations. Positive amounts indicate a benefit; negative amounts indicate a cost. All benefits and costs are estimated for a five-year time horizon beginning at application, and are expressed in 1983 dollars. Because of rounding, detail may not sum to totals.

[a] These are intangible effects not measured in this analysis.

TABLE 5.9

SAN DIEGO

AFDC-U APPLICANTS: ESTIMATED BENEFITS AND COSTS PER EXPERIMENTAL AFTER FIVE YEARS, BY RESEARCH GROUP AND ACCOUNTING PERSPECTIVE

	Job Search - EWEP			Job Search		
	Accounting Perspective			Accounting Perspective		
Component of Analysis	Social	Applicant	Taxpayer	Social	Applicant	Taxpayer
Benefits						
Output Produced by Participants						
Value of In-Program Output	$354	-$0	$354	-$5	-$0	-$5
Increased Output from Employment	181	181	0	433	433	0
Increased Tax Payments	0	-42	42	0	-88	88
Reduced Use of Transfer Programs						
Reduced AFDC Payments	0	-1381	1381	0	-1325	1325
Reduced Payments from Other Programs	0	-221	221	0	-248	248
Reduced AFDC Administrative Costs	104	0	104	102	0	102
Reduced Administrative Costs of Other Programs	14	0	14	15	0	15
Preference for Work Over Welfare[a]	+	+	+	+	+	+
Reduced Use of Other Programs						
Reduced Allowances	0	b	b	0	b	b
Reduced Operating Costs	55	0	55	44	0	44
Costs						
Program Operating Costs						
EPP Operating Costs	-585	0	-585	-555	0	-555
EWEP Operating Costs	-108	0	-108	-1	0	-1
Allowances and Support Services	0	38	-38	0	31	-31
Participant Out-of-Pocket Expenses	-18	-18	0	0	0	0
Foregone Personal and Family Activities[a]	-	-	0	-	-	0
Net Present Value (Benefits Minus Cost)	-$28	-$1443	$1414	$43	-$1196	$1230

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: Components are listed as benefits or costs according to a priori expectations regarding their value from the social perspective. However, the results presented reflect actual outcomes, not expectations. Positive amounts indicate a benefit; negative amounts indicate a cost. All benefits and costs are estimated for a five-year time horizon beginning at application, and are expressed in 1983 dollars. Because of rounding, detail may not sum to totals.

[a] These are intangible effects not measured in this analysis.

[b] Estimated value of component less than $0.50.

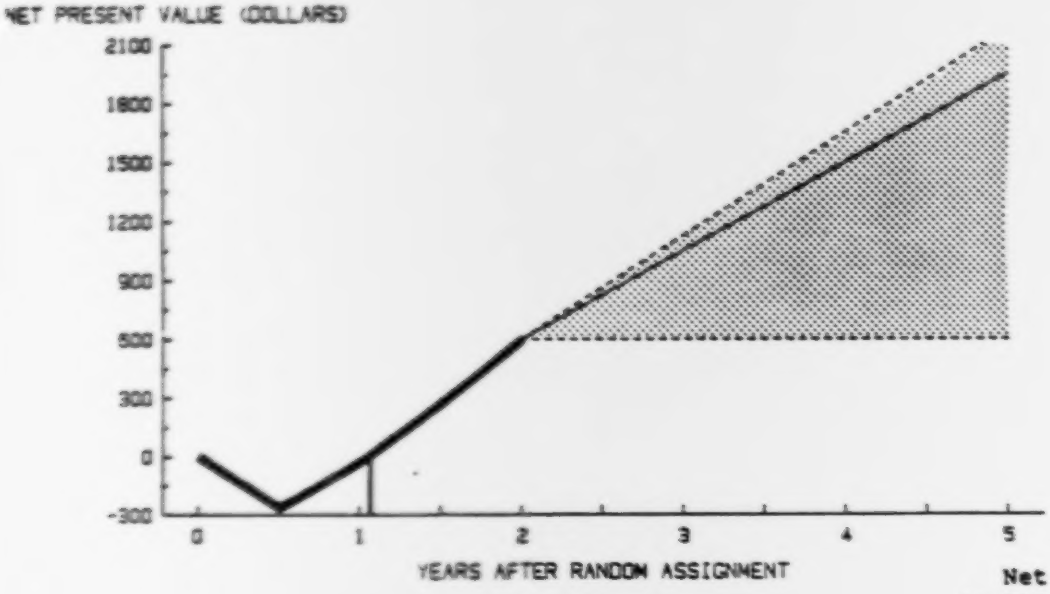
results reflect the overall earnings gains experienced by these groups. The estimated social net present value of Job Search/EWEP is larger than that of Job Search alone because of its greater impact on output: (1) Job Search/EWEP had about a 50 percent greater effect on output from employment and (2) EWEP generated work-experience services worth an estimated $205 per experimental.

Figure 5.2 presents the social net present value of the two models graphically over time -- from the point of welfare application through the following five years. The figure indicates that the social net present value of these two models became positive well before the end of the observation period. The social value of Job Search/EWEP reached the breakeven point sooner mainly because the value of the EWEP services -- which was substantially higher than their cost -- gave it a short-term boost. After reaching the breakeven point, the net value of Job Search/ EWEP increased faster because of greater earnings gains in the second year of observation. As shown in the figure, there is uncertainty about the magnitude of benefits after the observation period although they are clearly positive. The shaded area of the figure indicates the extent of this uncertainty: the lower-bound estimates assume no future benefits, while the upper-bound estimates assume that observed benefits for the last two quarters continue into the future with no decay.

Not only does society as a whole benefit from the two models, but both groups within society that are considered in this analysis -- welfare applicants and taxpayers -- benefit as well. The net value of the two programs to AFDC applicants is approximately the same: $644 for those in Job Search and $797 for those assigned to Job Search/EWEP. The larger

Figure 5.2

AFDC APPLICANTS: SOCIAL NET PRESENT VALUE OVER TIME, PER EXPERIMENTAL



Job Search-EWEP

KEY

Net Present Value
in Observation Period

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Middle Estimate of Net Present
Value in Post-Observation
Period

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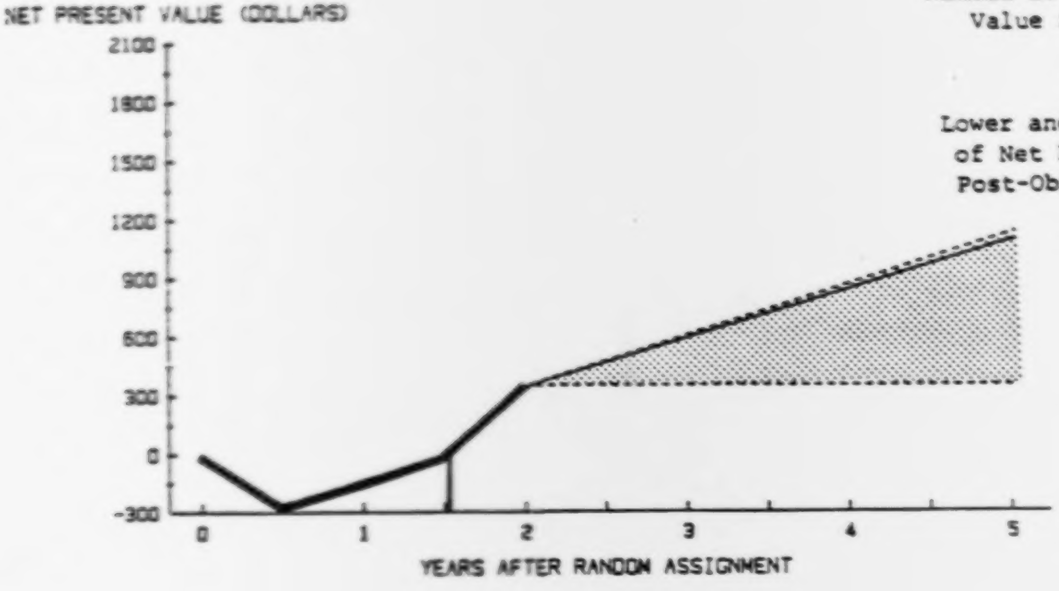
Lower and Upper Estimates
of Net Present Value in
Post-Observation Period



Job Search

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates and employee fringe benefits. See text for descriptions of these sources.

NOTES: Vertical line indicates "break-even point" at which program net benefits equal net costs. Results are expressed in 1983 dollars. Lower estimate represents observed program impacts with no extrapolation, while middle and upper estimates extrapolate program impacts for five years, with decay and no decay assumptions respectively.

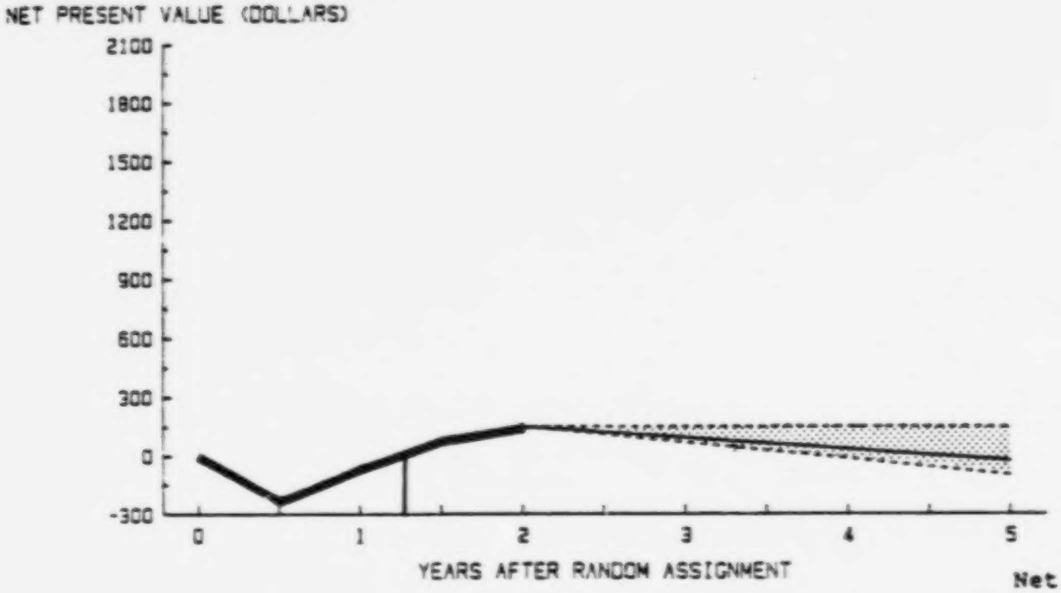
earnings gain for applicants in the Job Search/EWEP group is offset to a great extent by increased taxes and reduced tranfers. Thus, most of the additional social net present value generated by EWEP accrues to taxpayers; their net gain is $1,155 per Job Search/EWEP experimental, compared to $452 for Job Search alone.

The results are quite different for AFDC-U applicants. The social net present value of the two models is only $43 per AFDC-U applicant assigned to Job Search and is slightly negative for applicants in Job Search/EWEP. Equally important, while taxpayers gain substantially -- well over $1,000 per experimental for each program -- welfare applicants lose approximately as much. This loss for applicants results from the program's modest effect on earnings compared to the reduction in transfers; indeed, the welfare reductions alone amounted to more than twice the total cost of the two programs.

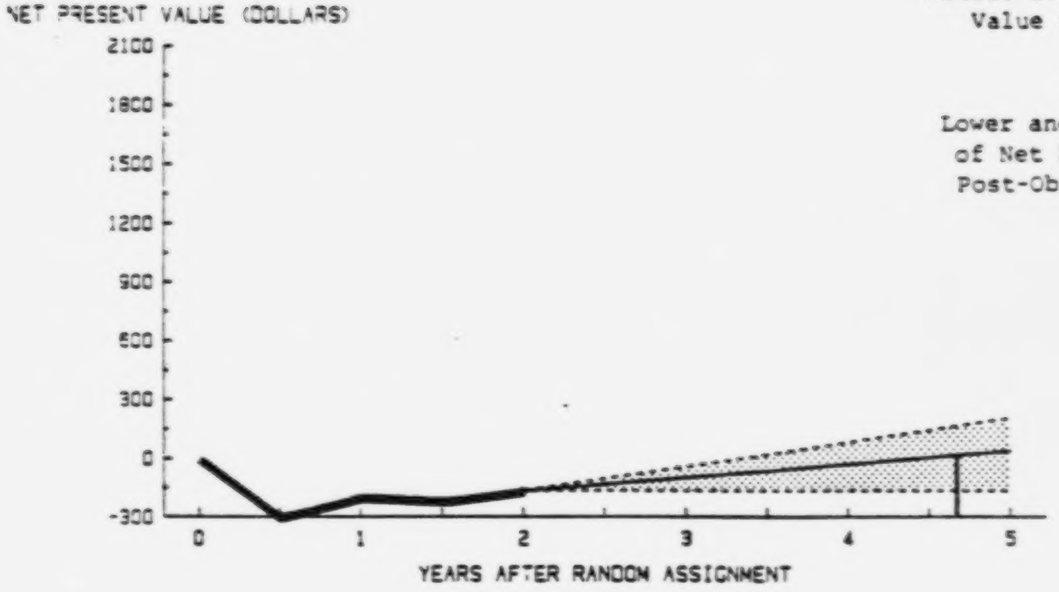
Figure 5.3 graphically depicts the social net present value of Job Search and Job Search/EWEP over time for AFDC-U applicants. As indicated in this figure, the cost of Job Search is paid back within five years after random assignment, while Job Search/EWEP breaks even during the observation period and then loses ground with slightly negative results projected for the future. The short-term performance of Job Search/EWEP is relatively more positive due to the value of EWEP services. The curves showing the net present values of both programs are relatively flat following the observation period -- with the line for Job Search rising slowly and that for Job Search/EWEP declining slightly -- primarily because projected future earnings differences are small. However, the two net values composing social net present value -- that is, the values to applicants and

Figure 5.3

AFDC-U APPLICANTS: SOCIAL NET PRESENT VALUE OVER TIME, PER EXPERIMENTAL



Job Search-EWEP



Job Search

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates and employee fringe benefits. See text for descriptions of these sources.

NOTES: Vertical line indicates "break-even point" at which program net benefits equal net costs. Results are expressed in 1983 dollars. Lower estimate represents observed program impacts with no extrapolation, while middle and upper estimates extrapolate program impacts for five years, with decay and no decay assumptions respectively.

taxpayers -- differ dramatically. The curve for the value to applicants has a steeply negative slope and the one showing the value to taxpayers has a correspondingly positive slope; the flat slope for social net present value that appears in the figure results from summing over these two subgroups.

2. Disaggregated Results

Disaggregating these overall results yields several important insights into the effectiveness of the two program models. The analysis disaggregates the benefit-cost results by period of application for welfare and by amount of prior work experience.

Period of Application. The benefit-cost results by period of application for welfare mirror the pattern for impacts discussed in Chapters 3 and 4. As indicated in Table 5.10, benefits were greater for experimentals in both programs who applied between October 1982 and March 1983 than for later applicants. The difference between application periods is greatest for AFDC applicants assigned to Job Search. The early assignees generated a social net present value of $3,470 per experimental, while the social value for later assignees was -$3,758. Thus, the overall net present value of $1,096 masks a pronounced inconsistency in the effectiveness of the Job Search model in serving these two groups. This difference may reflect varying economic conditions, characteristics of welfare applicants, or simply random chance; whatever the explanation, the finding certainly suggests caution in interpreting the results for the Job Search only program.

Prior Employment. As indicated in Chapter 3, the programs' impact on employment and receipt of welfare differed according to whether

TABLE 5.10

SAN DIEGO

ESTIMATED BENEFITS AND COSTS PER EXPERIMENTAL AFTER FIVE YEARS, BY RESEARCH GROUP, ACCOUNTING PERSPECTIVE, ASSISTANCE CATEGORY AND APPLICATION PERIOD

	Job Search - EWEP			Job Search		
	Accounting Perspective			Accounting Perspective		
Component of Analysis	Social	Applicant	Taxpayer	Social	Applicant	Taxpayer
AFDC						
October 1982-March 1983						
Benefits	$2692	$1042	$1650	$4008	$2352	$1657
Costs	-641	17	-657	-538	25	-563
Net Present Value	2051	1059	993	3470	2377	1094
April 1983-August 1983						
Benefits	2303	343	1960	-3234	-3032	-202
Costs	-587	16	-603	-524	28	-552
Net Present Value	1716	359	1357	-3758	-3004	-754
AFDC-U						
October 1982-March 1983						
Benefits	$1633	-$752	$2384	$856	-$536	$1390
Costs	-724	23	-747	-566	32	-598
Net Present Value	909	-729	1637	290	-504	792
April 1983-August 1983						
Benefits	254	-1896	1948	355 -	-2177	2532
Costs	-688	17	-705	-539	29	-568
Net Present Value	-434	-1879	1243	-184	-2148	1964

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: Components are listed as benefits or costs according to a priori expectations regarding their value from the social perspective. However, the results presented reflect actual outcomes, not expectations. Positive amounts indicate a benefit; negative amounts indicate a cost. All benefits and costs are estimated for a five-year time horizon beginning at application, and are expressed in 1983 dollars. Because of rounding, detail may not sum to totals.

applicants had recent employment experience. Given this evidence, the benefit-cost analysis has been disaggregated according to the same criterion used in that chapter: whether or not an applicant had been employed in the year prior to application for welfare. The results are presented in Table 5.11.

For the AFDC assistance group, the disaggregated results indicate that both programs were more effective in serving applicants without prior employment. From the social perspective the Job Search program generated a net present value that was almost $800 higher per applicant without prior employment than for those with it. The addition of EWEP had an even more dramatic effect on applicants who had no recent work experience. The social net present value of the Job Search/EWEP program was about $2,000 higher for an applicant in this group than for one with experience. Although in both cases costs were slightly higher for the inexperienced group, the programs had a much greater net impact on the employment of this group, which generated substantially greater social benefits. Moreover, these additional benefits accrued to both applicants and taxpayers.

The finding that the effectiveness of programs designed to increase the employment of welfare applicants varies according to previous employment is understandable since those who are least employable may reasonably benefit most from intervention. In particular, it is logical that providing work experience is most effective for those who have none. The magnitude of the difference is noteworthy: Job Search produced more than twice as much net social value for the inexperienced group and Job Search/EWEP generated more than than three times as much value.

AFDC-U applicants who had no work experience in the last year

TABLE 5.11

SAN DIEGO

ESTIMATED BENEFITS AND COSTS PER EXPERIMENTAL AFTER FIVE YEARS, BY RESEARCH GROUP, ACCOUNTING PERSPECTIVE, ASSISTANCE CATEGORY AND PRIOR WORK HISTORY

	Job Search - EWEP			Job Search		
	Accounting Perspective			Accounting Perspective		
Component of Analysis	Social	Applicant	Taxpayer	Social	Applicant	Taxpayer
AFDC						
With Prior Employment						
Benefits	$1509	$173	$1337	$919	$254	$665
Costs	-598	16	-615	-501	26	-527
Net Present Value	911	189	722	418	280	138
Without Prior Employment						
Benefits	3486	1347	2139	1775	617	1157
Costs	-645	16	-661	-565	26	-591
Net Present Value	2841	1363	1478	1210	643	566
AFDC-U						
With Prior Employment						
Benefits	$286	-$1568	$1847	$823	-$1014	$1837
Costs	-717	20	-738	-582	31	-613
Net Present Value	-431	-1548	1109	241	-983	1224
Without Prior Employment						
Benefits	515	-2490	3006	-385	-2477	2093
Costs	-719	20	-739	-546	31	-577
Net Present Value	-204	-2470	2267	-931	-2446	1516

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: Components are listed as benefits or costs according to a priori expectations regarding their value from the social perspective. However, the results presented reflect actual outcomes, not expectations. Positive amounts indicate a benefit; negative amounts indicate a cost. All benefits and costs are estimated for a five-year time horizon beginning at application, and are expressed in 1983 dollars. Because of rounding, detail may not sum to totals.

represent a small group that, given the eligibility requirements of the AFDC-U program, did have a history of prior employment.[41] Disaggregating findings according to this criterion indicates greater transfer reductions for the applicants in both programs who had not worked in the last year, thus producing larger gains for taxpayers. From the social perspective, disaggregation by history of prior employment produced a smaller difference.

3. Sensitivity of the Results

As has been noted several times in this chapter, the benefit-cost analysis incorporates many assumptions. However, the sensitivity of the overall results to changes in key assumptions used in the analysis has been systematically tested. The results of the tests, which are presented in detail in Appendix F, indicate that although the dollar estimates are indeed sensitive to some of the assumptions, the benefit-cost conclusions do not change.

The results are most sensitive to the assumption that displacement does not occur as a result of the increase in employment due to these programs. If there is substantial displacement, the net present value of the program declines for taxpayers (who include the displaced workers) and society as a whole; the value to applicants is unaffected. However, none of the conclusions change unless at least one-fifth of the increased employment causes displacement, and even then only the net present value to society of Job Search for AFDC-U applicants changes -- from positive to negative. The results from other perspectives and for other groups change only if more extreme displacement assumptions are made.

The way in which program outcomes were estimated also had a relatively large effect on the benefit-cost results. For reasons discussed earlier in this chapter, the estimates of program effects used in the benefit-cost analysis were unadjusted experimental-control differences in outcomes for the entire observation period, not the regression-adjusted estimates for fixed follow-up periods reported in Chapters 3 and 4. However, if regression-adjusted estimates of earnings and welfare reductions are substituted, the net present value estimates change by between $77 and $634 per experimental, depending on the group and perspective. Most notably, for AFDC applicants, the social net present value increases for Job Search/EWEP and decreases for Job Search alone, which means the net value of adding EWEP becomes higher. Also, for AFDC-U applicants, the substitution reduces estimates for Job Search/EWEP and increases them for Job Search, making even more substantial the negative value of the addition of EWEP for that group.

The other assumptions are less crucial to the conclusions. Not extrapolating benefits substantially reduces most net value estimates, while extending the time horizon for extrapolation from five to eight years substantially increases them. Substituting other assumptions -- such as using alternative decay rates for extrapolation -- leads to large changes in some, but not most of the findings; the overall conclusions remain the same.

4. Budgetary Analysis

One particularly important concern for policymakers is the net effect of social programs on government budgets. While the programs have direct costs, they also generate cost savings for other programs as well as additional tax revenues. The effects of these costs, savings and revenues on budgets are different for federal, state, and local (county and city) levels of government. This section of the chapter assesses the budget effects of EPP and EWEP.

All the benefits and costs included in the taxpayer perspective except the value of EWEP output affect government budgets. Increases in tax payments contribute to federal, state and local revenues. Reductions in transfer payments and administrative costs, as well as in the use of WIN and JTPA by experimentals, decrease the expenditures required for those programs. EPP and EWEP expenditures affected government budgets at all levels.

In order to assess budgetary impacts on different levels of government, all pertinent benefits and costs have been allocated between the budgets of federal, state and local government, taking into account sources of funding, matching arrangements, and tax regulations in force at the time of the demonstration. For example, the program costs charged to the special federal demonstration grant that funded more than half of EPP operations were divided evenly between federal and state budgets, while regular WIN funding from the federal government -- which requires only a 10 percent state match -- was allocated accordingly. Another important component of the budgetary impact, reductions in AFDC payments, was allocated between the federal, state and local levels according to matching requirements for AFDC payments (in most cases, 50 percent federal, 45 percent state, and 5 percent county); savings in AFDC administrative costs generally were distributed slightly differently (50 percent federal, 25 percent state, and 25 percent county.)[42]

The resulting breakdown of budgetary gains and losses by level of government is presented in Table 5.12. As indicated in the table, the federal government shouldered most of the burden for program costs through its grants for EPP and EWEP and its regular WIN funding. However, the federal government also received the largest share of benefits. It received most of the increased tax revenues, because most of the increase was in federal income taxes and Social Security payroll taxes. It also gained about half of the AFDC savings and the largest share of savings from other transfer programs, because it covers most of MediCal payments, and all Food Stamp benefits. The federal government was also the principal beneficiary of other program savings, notably from WIN. Consequently, the net federal budgetary effect was clearly positive: the gain ranged from $430 to $636 per experimental depending on the group served.

The State of California paid less for the program -- its WIN funding match and EPP grant match plus some support service costs. The State also received smaller budgetary gains than the federal government; gains for the State included state income and sales tax revenue, almost half of the AFDC savings, and large savings from the UI and MediCal programs. As a result, California had a net budget gain of between $3 and $553 per experimental.

It is noteworthy that the budgetary effects were modest at the local level -- the level at which the programs were operated. The County of San Diego bore a small part of the overall program cost, including a portion of the EWEP grant and part of the support services costs. In return, San Diego received a small amount of tax revenue (its share of sales taxes), AFDC savings and other program savings. However, the city and county were the primary beneficiaries of EWEP labor services, a benefit that does not enter this budgetary assessment. Approximately 60 percent of the

TABLE 5.12

SAN DIEGO

ESTIMATED FIVE-YEAR BENEFITS AND COSTS PER EXPERIMENTAL FROM THE BUDGET PERSPECTIVE, BY LEVEL OF GOVERNMENT, RESEARCH GROUP AND ASSISTANCE CATEGORY

Assistance Category and Component of Analysis	Job Search - EWEP			Job Search		
	Level of Government					
	Federal	State	Local*	Federal	State	Local*
AFDC Applicants						
Benefits						
Increased Tax Payments	$327	$42	$2	$206	$27	$2
Reduced Use of AFDC	397	345	54	243	212	33
Reduced Use of Other Transfer Programs	303	62	-4	325	-87	4
Reduced Use of Other Programs	52	2	4	48	1	3
Costs						
Program Operating Costs	-416	-167	-22	-368	-147	-18
Allowances and Support Services	-27	-2	-2	-24	0	-2
Net Present Value per AFDC Applicant (Benefits Minus Costs)	$636	$282	$32	$430	$6	$21
AFDC-U Applicants						
Benefits						
Increased Tax Payments	$48	-$4	-$2	$87	$4	-$2
Reduced Use of AFDC	721	635	99	707	623	98
Reduced Use of Other Transfer Programs	125	112	-2	188	75	-4
Reduced Use of Other Programs	50	1	3	38	1	3
Costs						
Program Operating Costs	-475	-191	-25	-383	-153	-20
Allowances and Support Services	-31	0	-5	-27	0	-4
Net Present Value per AFDC-U Applicant (Benefits Minus Costs)	$438	$553	$68	$612	$550	$71

SOURCES: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: Components are listed as benefits or costs according to a priori expectations regarding their value from the social perspective. However, the results presented reflect actual outcomes, not expectations. Positive amounts indicate a benefit; negative amounts indicate a cost. All benefits and costs are estimated for a five-year time horizon beginning at application, and are expressed in 1983 dollars. Because of rounding, detail may not sum to totals.

*Local government perspective includes county and city government.

estimated value of these services accrued to city and county agencies, while the remainder went to state agencies and nonprofit organizations in the San Diego area.

The timing of the budget costs and gains merits attention. Although all of the costs were incurred during the observation period -- most within the first few months after application for welfare -- the budget gains occurred throughout both the observation period and the post-observation period covered by the analysis. Indeed, the costs incurred at all three levels of government were not offset by gains within the observation period for most of the groups served, while the costs were easily surpassed over the longer five-year time horizon. This pattern of budgetary impacts after the observation period is based on the fact that the programs generally make a difference in the employment of participants only after they have participated in the program -- and there is a further lag until gains in employment are translated into increased taxes and reduced welfare receipt. Moreover, due to MediCal regulations, the programs' effect on MediCal benefits takes place only after individuals have been off the welfare rolls for several months.

The fact that these budgetary effects reflect the funding arrangements and matching requirements present at the time of the demonstration is worth underscoring. Changes in these parameters would clearly change the budget impacts. For example, if the special federal demonstration grants that paid for more than half of the operating costs had not been available, and had California paid these costs out of state funds, the net effect on the state budget would have been negative. Thus, federal involvement in the funding of EPP and EWEP was important to the budgetary findings of this assessment.

E. Conclusions

Several important conclusions emerge from this benefit-cost evaluation of Job Search and Job Search/EWEP. First, from the standpoint of taxpayers both programs consistently provided a substantial return on the investment that was required regardless of the group of welfare applicants being served or the time they entered the program. The size of the investment -- between $560 and $727 per experimental -- was relatively modest. The return came in the form of EWEP labor services in the short-term and small but steady reductions in the use of transfers and program services and increases in tax payments over the five-year period covered by the analysis. It is worth underscoring that, as explained in the previous section, much of the return occurred well after the initial investment. By the end of five years, however, taxpayers had received an estimated $452 to $1414 more in benefits per experimental than their investment. This resulted in budgetary gains at all levels of government -- federal, state and local -- for both programs.

In contrast to the finding that taxpayers benefit from both programs, the findings for welfare applicants show increases in financial resources for some applicants and losses for others. AFDC applicants assigned to Job Search/EWEP, especially those with no recent employment received considerable financial benefits. Net income definitely increased for early AFDC enrollees in Job Search as well. However, AFDC-U applicants in both programs and later AFDC enrollees in Job Search were worse off than their counterparts in the control group. These negative results for applicants partly offset the consistently positive findings for taxpayers -- leaving the social net present value highly positive for AFDC applicants in Job Search/EWEP and somewhat lower for those in Job Search. Society more or less broke even with both programs for the AFDC-U applicants.

These findings suggest that these program models are promising, although consideration of program modifications and targeting strategies is warranted. For example, work experience appears to be much more effective for people who did not have recent work experience prior to applying for welfare, suggesting that they be given priority in programs that provide work experience. Similarly, varying the length and content of job search workshops according to economic conditions and the types of applicants being served may be desirable.

Finally, while most of the general conclusions of this analysis can be drawn with a reasonable level of confidence, the dollar estimates that have been made should not be regarded as precise. One of the reasons for this is the normal uncertainty surrounding the point estimates included in the analysis. This reflects not only statistical concerns, but also measurement error due to data problems and other issues. Another reason is the fact that numerous assumptions have been required for the analysis. Benefit and cost estimates are sensitive to some of the key assumptions, although the general conclusions of the analysis appear to hold regardless of the specific assumptions made. Finally, many benefits and costs of EPP and EWEP could not be included in the analysis. Notable among these intangible factors are the satisfaction and self-esteem gains to participants from holding EWEP and regular jobs, and the reduction in time available to participants for parenting due to holding these jobs. Despite these limitations, the analysis provides important evidence regarding the programs' overall effectiveness, as well as the pattern of its financial consequences for welfare applicants and government budgets.

APPENDIX A

TABLE A.1

SAN DIEGO

AFDC APPLICANTS: SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE AT THE TIME OF WELFARE APPLICATION, BY RESEARCH GROUP

(OCTOBER 1982 - AUGUST 1983 SAMPLE)

Characteristic	Job Search-EWEP	Job Search	Control
Average Age (Years)	33.6	33.6	33.8
Sex (%)			
Male	15.6	14.6	16.7
Female	84.4	85.4	83.3
Ethnicity (%)			
White, Non-Hispanic	56.6	59.2	55.2
Black, Non-Hispanic	20.0	18.8	23.0*
Hispanic	18.8	17.5	17.8
Other	4.6	4.6	4.1
Marital Status (%)			
Never Married	14.1	16.5	19.0***
Married, Living With Spouse	12.4	13.2	13.7
Married, Not Living With Spouse	36.6	34.0	29.9***
Divorced, Widowed	37.0	36.4	37.4
Average Number of Children Under 19 Years of Age	1.73	1.73	1.78
Prior AFDC Dependency (%)			
Never on AFDC	34.8	33.7	31.8
Two Years or Less	38.3	39.2	39.6
More Than Two Years	26.9	27.2	28.6
Held Job at Any Time During Four Quarters Prior to Application (%)[a]	51.3	52.6	50.6
Average Earnings During Four Quarters Prior to Application ($)[a]	2602.99	2701.22	2643.18
Total Sample[b]	1687	943	961

SOURCE: Calculations from MDRC Client Information Sheets and UI earnings records from the EPP Information System.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the State of California.

[b] For selected characteristics, sample sizes may vary up to six sample points due to missing data.

Differences among the three research groups were statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE A.2

SAN DIEGO

AFDC-U APPLICANTS: SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE AT THE TIME OF WELFARE APPLICATION, BY RESEARCH GROUP (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Characteristic	Job Search-EWEP	Job Search	Control
Average Age (Years)	31.2	31.0	31.1
Sex (%)			
Male	93.1	93.3	92.6
Female	6.9	6.7	7.4
Ethnicity (%)			
White, Non-Hispanic	54.5	51.6	52.4
Black, Non-Hispanic	7.9	9.8	8.7
Hispanic	32.6	33.5	33.8
Other	5.0	5.1	5.1
Marital Status (%)			
Never Married	7.3	6.6	6.3
Married, Living With Spouse	89.6	90.4	89.0
Married, Not Living With Spouse	1.4	1.4	2.2
Divorced, Widowed	1.7	1.6	2.5
Average Number of Children Under 19 Years of Age	2.12	2.10	2.18
Prior AFDC Dependency (%)			
Never on AFDC	58.4	59.1	57.9
Two Years or Less	36.0	35.6	36.4
More Than Two Years	5.6	5.4	5.7
Held Job at Any Time During Four Quarters Prior to Application (%)[a]	71.8	71.2	71.0
Average Earnings During Four Quarters Prior to Application ($)[a]	6565.50	6032.25	6133.50
Total Sample[b]	1548	835	823

SOURCE: Calculations from MDRC Client Information Sheets and UI earnings records from the EPP Information System.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the State of California.

[b] For selected characteristics, sample sizes may vary up to three sample points due to missing data.

None of the differences among the three research groups are statistically significant at the 10 percent level using a two-tailed t-test or chi-square test.

APPENDIX B

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APPENDIX B

SPECIAL DATA COLLECTION STUDIES

This appendix will discuss the special data collection studies which enhance the analysis described in this report.

1. The Worksite Survey administered by MDRC provides information on the types and characteristics of EWEP jobs and the perceptions of participants and their EWEP supervisors about the worksite experience. These data will also be used to address issues such as the quality of the worksites and the value of the output produced by participants. The results are based on a random sample of 49 supervisors and 49 EWEP participants, interviewed between July 1983 and March 1984.
2. The Six-Month Applicant Survey was conducted either in person or by telephone over a period of six months after welfare application. It provides information on sample members' first jobs, particularly average weekly hours and hourly wage rates, occupational titles and job retention, participation patterns in job search and EWEP, child-care arrangements, and income sources other than employment. (Information on these additional sources of income is crucial to the benefit-cost analysis.)

   For this six-month survey, a random sample was taken from all three research groups, which together included 4,337 people who had applied for welfare from January through July of 1983. The random sample contained 2,867 (or 66 percent) of these applicants. About 65 percent of this sample were located and interviewed. The response rate was similar in each research group. However, characteristics of respondents differed from those who did not respond; respondents were more likely to have participated in a program activity or to have found employment. For more information on survey procedures, response rates and any possible response bias, see Appendix B of Goldman et al., 1985.

3. A Case File Study administered by MDRC during the spring of 1984 examined a random subsample of 211 Job Search/EWEP experimental registrants who applied for welfare during March and April 1983. This study used a number of different files -- those of the Income Maintenance District, EPP and EWEP -- to obtain a broad range of information on sample members' program experiences: assignment to activities, noncompliance (if any) with these assignments, staff follow-up of noncompliant sample members and the results of this follow-up, including program deregistration or the imposition of a sanction. This case file study provided the data used in the discussion of the implementation of a mandatory participation requirement in Chapter 4, Goldman et al., 1985.

4. Ongoing Observations of EPP and EWEP Operations. Direct observation of program activities, interviews with staff and recipients, and limited reviews of local office case files were all used to study current program activities for the

process analysis. The field researcher, assisted by other MDRC staff members, collected the qualitative and quantitative data for this analysis.

APPENDIX C

TABLE C.1

SAN DIEGO

NINE-MONTH PERFORMANCE INDICATORS FOR APPLICANTS, BY RESEARCH GROUP AND ASSISTANCE CATEGORY (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Nine-Month Performance Indicator	AFDC			AFDC-U		
	Job Search-EWEP	Job Search	Control	Job Search-EWEP	Job Search	Control
Job Placement Assistance (%)	89.2	90.8	0.0***	89.8	89.1	0.0***
Registered With EPP/WIN (%)	86.1	86.6	87.2	86.2	87.0	89.7**
Participated in Any Post-Registration Activity (%)	46.4	48.8	6.1***	52.8	49.5	5.4***
Participated at Least One Day in Job Search Workshop (%)	44.1	46.6	0.8***	51.6	48.3	1.0***
Worked at Least One Hour at an EWEP Worksite (%)	13.0	0.0	0.0***	16.7	0.0	0.1***
Received Other EPP Services (%)	4.6	5.1	5.4	3.3	4.1	4.4
Program Placement (Found Employment) (%)[a]	28.4	27.6	16.5***	34.0	33.2	21.2***
Deregistered From EPP/WIN (%)	60.6	58.1	52.0***	68.1	65.3	60.3
Due to Request For Sanction (%)	8.0	6.7	0.7***	6.3	4.4	1.1***
Total Applicants[b]	1540	867	889	1403	855	838

SOURCE: MDRC calculations from the EPP Information System and EWEP Activity Logs maintained by the San Diego County Department of Social Services.

NOTES: All performance indicators are calculated as a percentage of all impact sample members in the indicated research group.

[a] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

[b] Excludes applicants missing AFDC payments for at least one month within the first six months of application.

Differences between research groups within an assistance category are statistically significant using a two-tailed t-test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE C.2

SAN DIEGO

DISTRIBUTION OF EPP REGISTRANTS BY PROGRAM, WELFARE AND EMPLOYMENT STATUS IN THE NINTH MONTH AFTER WELFARE APPLICATION, BY RESEARCH GROUP AND ASSISTANCE CATEGORY (OCTOBER 1982 - JUNE 1983 SAMPLE)

	AFDC			AFDC-U		
Welfare Status	Job Search-EWEP	Job Search	Control	Job Search-EWEP	Job Search	Control
Off Welfare	55.2	54.1	51.9	66.5	63.4	59.0
Receiving Welfare, Deregistered	22.4	18.7	16.7	18.7	18.4	17.5
Receiving Welfare, Registered	22.5	27.1	31.3	14.8	18.2	23.6
Completed Requirements	10.2	16.2	2.5	7.1	12.0	1.7
Employed, and Did Not Complete Requirements or Never Participated	3.1	2.1	5.1	1.1	0.7	5.2
Unknown, Did Not Complete Requirements or Never Participated	9.0	8.8	23.8	6.2	5.5	16.6
Total Registrants	1180	678	693	1067	685	687

SOURCE: MDRC calculations from the EPP Information System, County of San Diego welfare records and Unemployment Insurance records.

NOTES: Distributions may not sum to totals because of rounding.

Participation is defined as attending any service/activity for at least one day.

Tests of statistical significance were not calculated.

TABLE C.3

SAN DIEGO

AFDC APPLICANTS: SIX-MONTH PERFORMANCE INDICATORS, BY RESEARCH GROUP AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Six-Month Performance Indicator	Job Search-EWEP		Job Search	
	October 1982 - March 1983	April- August 1983	October 1982 - March 1983	April- August 1983
Contacted Worker For Job Placement Assistance (%)	89.1	88.6	91.0	90.0
Referred to a Job	4.7	5.2	4.0	5.6
Accepted Job Offer	0.0	0.0	0.0	0.0
Registered With EPP (%)	85.7	85.2	86.3	84.7
Participated in Any Post-Registration Activity (%)	43.8	45.8	46.2	49.8
Participated in Job Search Workshop (%)[a]	41.1	43.9	43.6	48.3
Found Employment During Workshop	9.7	12.3	13.0	14.0
Completed Workshop, Not Employed	23.9	23.4	21.6	24.9
Did Not Complete Workshop	7.5	8.2	9.0	9.3
EWEP (%)[b]				
Referred to EWEP	22.8	21.6	0.4	0.0
Interviewed by EWEP Staff	17.0	15.6	0.2	0.0
Assigned to Worksite	15.3	13.9	0.0	0.0
Worked at Least One Hour at Worksite	12.8	10.3	0.0	0.0
Received Other EPP Services (%)[c]	4.9	3.0*	5.5	3.7
Deregistered From EPP (%)	52.4	51.7	49.6	47.0
Due to Request for Sanction (%)	6.8	6.2	6.2	4.7
Program Placement (Found Employment) (%)[d]	23.9	28.0*	24.9	25.9
Total Applicants[e]	907	633	546	321

SOURCE: MDRC calculations from the EPP Information System and EWEP Activity Logs.

NOTES: All performance indicators are calculated as a percentage of all applicants in the indicated research group.

[a] Participation is defined as attending a workshop for at least one day.

(continued)

TABLE C.3 (continued)

[b] Information on EWEP activity is obtained from EWEP Activity Logs maintained by the San Diego County Department of Social Services. As compared to the other indicators, EWEP Log data provides slightly less post-application follow-up for individuals applying during the latter part of any particular month.

[c] Other EPP services includes On-the-Job Training, subsidized employment, individual job search, and WIN Work Experience.

[d] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure program impacts.

[e] Excludes applicants missing AFDC payments for at least one month within the first six months after application.

Differences between application periods within a research group are statistically significant using a chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE C.4

SAN DIEGO

AFDC APPLICANTS: ATTENDANCE AND COMPLETION DATA FOR JOB SEARCH WORKSHOP PARTICIPANTS, BY RESEARCH GROUP AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Indicator	Job Search - EWEP		Job Search	
	October 1982-March 1983	April-August 1983	October 1982 - March 1983	April-August 1983
Days Attended (%)				
1 to 5 Days	13.3	15.9***	17.9	18.5
6 to 10 Days	17.9	39.5	24.4	32.7
11 to 15 Days	67.1	43.2	54.6	48.1
16 Days or More	1.7	1.4	3.1	0.6
Average Total Days Attended	11.2	9.8	10.4	9.9
Average Total Days Excused Absence	1.2	1.1	1.2	1.0
Average Total Days Unexcused Absence	0.5	0.5	0.4	0.4
Outcome of Job Search Workshop Participation (%)[a]				
Found Employment During Workshop	23.7	28.0	30.5	29.6
Completed Workshop, Not Employed	59.4	53.4	49.6	50.6
Did Not Complete Workshop, May Be Rescheduled	5.8	9.5	12.2	9.9
Did Not Complete Workshop, Not Rescheduled	11.1	9.1	7.6	9.9
Total Number Who Participated At Least One Day	414	296	262	162

SOURCE: MDRC calculations from the EPP Information System's Job Search Workshop Attendance Logs.

NOTES: These data include only those registrants who participated in a Job Search Workshop for at least one day within six months of application. All indicators are calculated as a percentage of all participants in the indicated research group.

Distributions may not add exactly to 100.0 percent because of rounding.

[a] Outcome of workshop participation is based on employment status reported to program staff at the time an individual leaves the workshop.

Differences between application periods within a research group are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE C.5

SAN DIEGO

AFDC APPLICANTS: SELECTED CHARACTERISTICS OF EXPERIMENTALS, BY JOB SEARCH WORKSHOP COMPLETION STATUS AND RESEARCH GROUP

(OCTOBER 1982 - AUGUST 1983 SAMPLE)

Characteristic	Workshop Completers Without a Job		Workshop Non-Completers[e]	
	Job Search-EWEP	Job Search	Job Search-EWEP	Job Search
Average Age (Years)	33.0	33.8	33.6	33.5
Sex (%)				
Male	19.2	12.7*	14.6	14.5
Female	80.8	87.3*	85.4	85.5
Ethnicity (%)				
White, Non-Hispanic	54.4	51.5	57.9	61.8
Black, Non-Hispanic	29.1	27.9	17.4	16.3
Hispanic	12.5	17.8	20.1	17.0
Other	4.0	2.8	4.5	4.9
Any Children (%)[a]				
Less Than 6 Years	12.8	11.3	19.2	20.5
Between 6 and 18 Years	91.5	94.1	86.3	86.0
Prior AFDC Dependency (%)				
Never on AFDC	32.5	29.4	35.0	34.4
Two Years or Less	40.1	40.7	37.4	38.1
More Than Two Years	27.4	29.9	27.6	27.5
Average Months on AFDC During Two Years Prior to Application	8.1	7.0	8.1	8.1
Average Earnings During Four Quarters Prior to Application ($)[b]	2602.86	2737.85	2467.28	2652.30
Held Job at Any Time During Four Quarters Prior to Application (%)[b]	51.5	50.5	51.8	52.8
Ever Received Unemployment Compensation in the Quarter Prior to Application (%)[c]	13.1	8.8	10.4	10.7
Average Amount of Unemployment Compensation in the Quarter Prior to Application ($)[c]	128.23	93.28	88.80	82.27
Total Sample[d]	375	204	1165	883

SOURCE: Calculations from MDRC Client Information Sheets, Job Search Workshop Attendance Logs, and UI earnings records from the EPP Information System, and UI benefits records from the State of California.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Distributions may not add to 100.0 percent because applicants can have children in more than one category.

[b] Calculated from Unemployment Insurance earnings records from the EPP Information System.

[c] Calculated from Unemployment Insurance benefits records from the State of California.

[d] For selected characteristics, sample sizes may vary up to four sample points due to missing data.

[e] Non-completers comprise those Job Search Workshop participants who ended the workshop with a job, and those who did not complete the workshop because they dropped out or never participated.

Differences between research groups within a job search workshop status are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

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TABLE C.6

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF EWEP ADD-ON FOR JOB SEARCH WORKSHOP COMPLETERS WITHOUT A JOB[b], BY APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search-EWEP/Job Search Difference		
Outcome and Follow-Up Quarter	October 1982 - March 1983	April- August 1983	October 1982- August 1983
Ever Employed, Quarters 2 - 6 (%)[a]	+12.5**	+ 6.8	+10.2**
Average Number of Quarters with Employment, Quarters 2 - 6[a]	+ 0.28	+ 0.42*	+ 0.34**
Ever Employed (%)			
Quarter of Application	+ 3.8	+ 3.0	+ 3.5
Quarter 2	- 1.7	- 2.2	- 1.9
Quarter 3	+ 6.3	+10.2	+ 8.0**
Quarter 4	+ 4.3	+ 7.1	+ 5.5
Quarter 5	+13.3**	+11.1*	+12.4***
Quarter 6	+ 5.6	+15.8**	+ 9.9**
Average Total Earnings, Quarters 2 - 6 ($)[a]	+581.22	+1467.31**	+947.43**
Average Total Earnings ($)			
Quarter of Applcation	- 1.63	- 32.59	- 15.63
Quarter 2	- 14.40	+120.78	+ 42.47
Quarter 3	+ 69.65	+253.57	+146.21
Quarter 4	+125.38	+294.87*	+195.43*
Quarter 5	+317.70**	+349.57*	+329.47***
Quarter 6	+ 82.69	+448.52**	+233.86*
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	-0.02	-0.42	- 0.19
Ever Received AFDC Payments (%)			
Quarter of Application	-4.5	-0.9	- 3.0
Quarter 2	-1.6	-3.5	- 2.4
Quarter 3	+2.2	+2.7	+ 2.3
Quarter 4	+4.7	-3.0	+ 1.5
Quarter 5	-1.0	-1.2	- 1.1
Quarter 6	+1.3	-0.3	+ 0.6
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	-229.04	-74.30	-165.29
Average AFDC Payment Received ($)			
Quarter of Application	-12.43	-46.76	- 28.09
Quarter 2	-64.89	+51.64	- 16.01
Quarter 3	-67.29	- 7.47	- 43.20
Quarter 4	-55.91	- 8.50	- 37.16
Quarter 5	-31.43	-35.39	- 33.25
Quarter 6	+ 2.82	-27.82	- 8.57
Number of Completers	332	237	569

(continued)

Table C.6 (continued)

SOURCE AND NOTES: See Table 3.4.

[b] Completers without a job comprises those Job Search Workshop participants who ended the workshop without a job and were therefore eligible for referral to EWEP.

None of the differences in impacts between application periods are statistically significant at the 10 percent level using a two-tailed t-test.

TABLE C.7

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF EWEP FOR JOB SEARCH WORKSHOP NON-COMPLETERS[b], BY APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search-EWEP/Job Search Difference		
Outcome and Follow-Up Quarter	October 1982 - March 1983	April-August 1983	October 1982-August 1983
Ever Employed, Quarters 2 - 6 (%)[a]	- 3.3	- 1.5	- 2.5
Average Number of Quarters with Employment, Quarters 2 - 6[a]	- 0.02	+ 0.26*	+ 0.09
Ever Employed (%)			
Quarter of Application	+ 0.3	+ 5.1	+ 2.4
Quarter 2	- 3.4	+ 0.8	- 1.4
Quarter 3	- 0.2	+ 4.8	+ 1.8
Quarter 4	+ 1.3	+ 7.0*	+ 3.5
Quarter 5	+ 1.5	+ 4.3	+ 2.7
Quarter 6	- 1.4	+ 9.4**yy	+ 2.8
Average Total Earnings, Quarters 2 - 6 ($)[a]	-300.20	+1225.71***yyy	+285.42
Average Total Earnings ($)			
Quarter of Application	- 46.34	+ 58.28	- 5.12
Quarter 2	- 78.65	+165.90**yyy	+ 19.47
Quarter 3	-117.79	+223.56**yyy	+ 15.05
Quarter 4	+ 0.32	+316.67***yy	+123.75**
Quarter 5	- 53.22	+176.15*y	+ 35.10
Quarter 6	- 49.87	+343.42***yyy	+102.05
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	- 0.27	- 0.16	- 0.24
Ever Received AFDC Payments (%)			
Quarter of Applicantion	- 3.2	+ 2.5	- 0.9
Quarter 2	- 2.8	- 1.4	- 2.3
Quarter 3	+ 0.4	- 4.3	- 1.6
Quarter 4	- 0.3	+ 0.3	- 0.2
Quarter 5	- 2.5	- 5.1	- 3.5
Quarter 6	- 1.1	- 2.6	- 1.8
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	-104.83	-21.40	- 75.11
Average AFDC Payments Received ($)			
Quarter of Application	-20.63	+67.45*y	+ 13.10
Quarter 2	-25.56	-28.74	- 26.59
Quarter 3	+ 2.34	-18.38	- 7.16
Quarter 4	- 9.66	-16.12	- 13.59
Quarter 5	-19.31	+ 3.23	- 10.95
Quarter 6	-32.01	-28.85	- 29.92
Number of Non-Completers	1083	706	1789

SOURCE AND NOTES: See Table 3.4.

[b] Non-Completers comprise those Job Search Workshop participants who ended the workshop with a job, and those who did not complete the workshop because they dropped out or never participated.

TABLE C.8

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON LENGTH OF TIME UNTIL START OF EMPLOYMENT, BY APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Period	Experimental	Control	Difference	Experimental	Control	Difference
			October 1982 - March 1983			
First Employed (%)						
Quarter 2[a]	32.8	25.8	+7.0***	35.9	25.8	+10.1***
Quarter 3	11.8	9.3	+2.5	7.7	9.3	- 1.6
Quarter 4	7.6	7.5	+0.1	7.6	7.5	+ 0.1
Quarter 5	4.9	5.9	-1.0	5.3	5.9	- 0.6
Quarter 6	3.3	5.3	-2.0**	3.5	5.3	- 1.8
Sample Size	679	535		536	535	
			April - August 1983			
First Employed (%)						
Quarter 2[a]	38.8	33.6	+5.2**	39.6	33.6	+6.0*
Quarter 3	10.1	9.5	+0.6	8.1	9.5	-1.4
Quarter 4	5.5	6.5	-1.0	6.9	6.5	+0.4
Quarter 5	3.9	5.2	-1.3	3.7	5.2	-1.5
Quarter 6	2.7	3.2	-0.5	3.2	3.2	-0.0
Sample Size	823	338		320	338	
			October 1982 - August 1983			
First Employed (%)						
Quarter 2[a]	35.6	28.7	+6.9***	37.2	28.7	+8.5***
Quarter 3	11.2	9.4	+1.7	7.8	9.4	-1.6
Quarter 4	6.7	7.1	-0.4	7.3	7.1	+0.2
Quarter 5	4.5	5.7	-1.2	4.7	5.7	-0.9
Quarter 6	3.1	4.5	-1.4*	3.4	4.5	-1.1
Sample Size	1502	873		856	873	

SOURCE: MDRC calculations from Unemployment Insurance earnings records from the EPP Information System.

NOTES: These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

Impacts through quarter 6 were regression-adjusted with a model that pooled early and late applicant samples; coefficients of control variables are constrained to equality across application periods.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is not considered a true follow-up quarter. "First employment" during follow-up is therefore counted starting from quarter 2. The count for quarter 2 will include some individuals who are employed in quarter 1.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

None of the differences in impacts between application periods are statistically significant at the 10 percent level using a two-tailed t-test.

TABLE C.9

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON EMPLOYMENT RETENTION, BY APPLICATION PERIOD

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Period	Experimental	Control	Difference	Experimental	Control	Difference
Percent Who Were:[a]	October 1982 - March 1983					
Not Employed in Quarters 2 and 6	48.3	54.3	-6.1**	47.4	54.3	-7.0**
Not Employed in Quarter 2, But Employed in Quarter 6	19.1	20.0	-0.9	16.8	20.0	-3.2
Employed in Quarter 2 but Not Employed in Quarter 6	12.2	9.3	+2.9	13.4	9.3	+4.1**
Employed in Both Quarters 2 and 6	20.4	16.4	+4.1*	22.4	16.4	+6.0**
Sample Size	879	535		536	535	
Percent Who Were:[a]	April - August 1983					
Not Employed in Quarters 2 and 6	42.7	50.5	-7.7**	46.0	50.5	-4.4
Not Employed in Quarter 2 But Employed in Quarter 6	17.5	16.0	+1.5	14.4	16.0	-1.6
Employed in Quarter 2 but Not Employed in Quarter 6	12.1	8.8	+3.3	19.7	8.8	+10.9***
Employed in Both Quarters 2 and 6	27.7	24.8	+2.9	19.9	24.8	-4.9
Sample Size	623	338		320	338	
Percent Who Were:[a]	October 1982 - August 1983					
Not Employed in Quarters 2 and 6	46.0	52.9	-6.9***	46.9	52.9	-6.0***
Not Employed in Quarter 2, But Employed in Quarter 6	18.5	18.5	+0.0	15.9	18.5	-2.5
Employed in Quarter 2, but Not Employed in Quarter 6	12.1	9.1	+3.0**	15.7	9.1	+6.7***yy
Employed in Both Quarters 2 and 6	23.5	19.6	+3.9**	21.5	19.6	+1.9yyy
Sample Size	1502	873		856	873	

(continued)

Table C.8 (continued)

SOURCE: MDRC calculations from Unemployment Insurance earnings records from the EPP Information System.

NOTES: The data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

Impacts through quarter 6 were regression-adjusted with a model that pooled early and late applicant samples: coefficients of control variables are constrained to equality across application periods.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is not considered a true follow-up quarter.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE C.10

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON UNEMPLOYMENT INSURANCE BENEFITS RECEIPT, BY APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search - EWEP			Job Search		
Outcome and Follow-Up Period	Experimental	Control	Difference	Experimental	Control	Difference
	October 1982 - March 1983					
Ever Received UI Benefits, Quarters 1 - 6 (%)	29.3	29.4	- 0.1	28.4	29.4	- 1.0
Ever Received UI Benefits, Quarters 1 - 8 (%)	31.7	31.1	+ 0.6	30.1	31.1	- 1.0
Ever Received UI Benefits,(%)						
Quarter of Application	22.6	23.7	- 1.1	21.4	23.7	- 2.3
Quarter 2	16.0	16.3	- 0.2	15.3	16.3	- 1.0
Quarter 3	12.1	12.7	- 0.6	11.7	12.7	- 1.0
Quarter 4	8.9	9.2	- 0.3	10.6	9.2	+ 1.4
Quarter 5	6.9	5.9	+ 1.0	8.0	5.9	+ 2.1
Quarter 6	5.3	6.1	- 0.8	6.0	6.1	- 0.1
Quarter 7	6.5	5.5	+ 1.0	6.6	5.5	+ 1.1
Quarter 8	6.5	5.9	+ 0.5	7.3	5.9	+ 1.4
Average Total UI Benefits, Quarters 1 - 6 ($)	528.02	537.95	- 9.93	551.82	537.95	+13.88
Average Total UI Benefits, Quarters 1 - 8 ($)	611.17	613.39	- 2.22	651.29	613.39	+37.90
Average Total UI Benefits ($)						
Quarter of Application	159.27	178.15	-18.88	156.75	178.15	- 21.40
Quarter 2	141.56	153.96	-12.40	135.85	153.96	- 18.11
Quarter 3	97.06	85.95	+11.11	95.00	85.95	+ 9.05
Quarter 4	56.89	52.88	+ 4.01	67.14	52.88	+ 14.26
Quarter 5	37.51	32.38	+ 5.13	51.50	32.38	+ 19.12*
Quarter 6	35.73	34.62	+ 1.12	45.56	34.62	+ 10.95
Quarter 7	35.93	32.24	+ 3.69	44.54	32.24	+ 12.30
Quarter 8	48.01	39.07	+ 8.94	56.11	39.07	+ 17.04
Sample Size	679	535		536	535	
	April - August 1983					
Ever Received UI Benefits, Quarters 1 - 6 (%)	22.9	23.5	-0.6	26.5	23.5	+ 3.0
Ever Received UI Benefits (%)						
Quarter of Application	17.4	16.3	+1.1	20.2	16.3	+ 4.0y
Quarter 2	11.0	11.8	-0.8	14.0	11.8	+ 2.2
Quarter 3	7.0	8.4	-1.4	9.4	8.4	+ 1.1
Quarter 4	5.5	6.7	-1.2	8.2	6.7	+ 1.5
Quarter 5	5.2	5.3	-0.1	5.2	5.3	+ 0.0
Quarter 6	3.5	5.1	-1.6	5.7	5.1	+ 0.6
Average Total UI Benefits, Quarters 1 - 6 ($)	326.54	355.05	- 28.51	452.18	355.05	+ 97.12
Average Total UI Benefits, ($)						
Quarter of Application	114.15	124.09	- 9.94	145.08	124.09	+ 20.99
Quarter 2	81.00	90.99	- 9.99	127.35	90.99	+ 36.36
Quarter 3	57.37	49.50	+ 7.87	75.38	49.50	+ 25.88
Quarter 4	31.90	28.04	+ 3.86	36.37	28.04	+ 8.33
Quarter 5	25.43	33.72	- 8.29	33.00	33.72	- 0.71
Quarter 6	16.70	28.73	- 12.03	35.00	28.73	+ 6.27
Sample Size	623	338		320	338	

(continued)

Table C.10 (continued)

SOURCE: MDRC calculations from Unemployment Insurance benefits records from the State of California.

NOTES: The first month of the quarter of application is the month in which an individual was randomly assigned. These data include zero values for sample members not receiving UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. Prior UI benefit receipt was not included as a regression control. There may be some discrepancies in calculating sums and differences due to rounding.

Only 18 months of follow-up is available for later applicants.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE C.11

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH, BY PRIOR YEAR EMPLOYMENT AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Prior Employment	Job Search - EWEP		Job Search	
		October 1982 - March 1983[b]	April-August 1983[b]	October 1982 - March 1983[b]	April-August 1983[b]
Ever Employed, Quarters 2 - 6 (%)[a]	None	+12.1***	+ 5.4yy	+10.7**	+ 1.8
	Some	+ 1.3	+ 1.2	+ 1.6	+ 4.3
Average Number of Quarters With Employment, Quarters 2 - 6[a]	None	+ 0.50***	+ 0.30**	+ 0.44***	+ 0.07
	Some	+ 0.10	+ 0.07	+ 0.12	- 0.23
Ever Employed in Quarter 6 (%)	None	+ 6.8*	+ 5.8	+ 7.7*	- 6.3y
	Some	- 0.2	+ 3.0	- 1.0	- 6.8
Average Total Earnings, Quarters 2 - 6 ($)[a]	None	+1222.18***	+850.63*y	+1228.12***	- 200.23
	Some	+ 254.51	+430.30	+ 300.18	-1050.83*
Average Total Earnings, in Quarter 6 ($)	None	+ 258.64**	+216.16*	+ 245.03**	- 141.24
	Some	+ 10.14	+166.71	+ 35.84	- 217.54
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	None	- 0.38	- 0.40	- 0.28	- 0.37
	Some	- 0.57	- 0.44	- 0.52	- 0.03
Ever Received AFDC Payments in Quarter 6 (%)	None	- 4.4	- 1.8	- 3.2	- 1.8
	Some	+ 3.4	- 1.7	+ 2.7	+ 2.6
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	None	-238.28	-247.51	-151.03	-181.67
	Some	-313.93	-265.07	-253.85	-273.58
Average AFDC Payments Received in Quarter 6 ($)	None	- 68.03	- 20.41	- 42.67	- 4.01
	Some	+ 24.81	- 11.14	+ 32.17	+ 36.54
Sample Size					
Have No Prior Employment		387	328	252	158
Have Some Prior Employment		482	287	284	162

(continued)

Table C.11 (continued)

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance records from the EPP Information System.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

Only 18 months of follow-up is available for later applicants.

[a] Quarter 1, the quarter of application, may contain some earnings from the period prior to application and is therefore excluded from the measures of total follow-up employment and earnings.

[b] The figures presented are the experimental-control differences and their statistical significance.

Coefficients of regression control variables are constrained to equality across research groups and across subgroups.

A two-tail[illegible] t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE C.12

SAN DIEGO

AFDC APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON MEASURED INCOME, BY APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Quarter	October 1982 - March 1983			April - August 1983		
	Experimental	Control	Difference	Experimental	Control	Difference
			Job Search-EWEP			
Average Total Income Received, Quarters 2 - 6 ($)[a]	6798.02	6329.70	+468.32*	7215.88	6899.04	+316.84
Average Total Income Received, Quarters 2 - 8 ($)[a]	9509.07	8723.86	+785.21**	n/a	n/a	n/a
Average Total Income Received($)						
Quarter of Application	a	a	a	a	a	a
Quarter 2	1348.07	1284.82	+ 63.25	1489.25	1411.20	+78.05
Quarter 3	1387.37	1285.89	+101.48	1484.94	1402.45	+82.49
Quarter 4	1376.55	1294.83	+ 81.72	1434.63	1426.60	+ 8.03
Quarter 5	1368.28	1251.90	+116.38	1347.14	1345.43	+ 1.71
Quarter 6	1337.76	1232.27	+105.49	1479.92	1313.35	+166.58*
Quarter 7	1342.84	1194.14	+148.70*	n/a	n/a	n/a
Quarter 8	1353.11	1231.22	+121.89	n/a	n/a	n/a
Status During Quarter 6 (%)[b]						
No earnings, AFDC Payments or UI Benefits	30.3	34.6	-4.3	31.9	30.8	+1.1
No earnings, and some AFDC Payments or UI Benefits	29.8	29.9	-0.1	23.1	27.8	-4.7
Some earnings, AFDC Payments or UI Benefits	12.1	13.1	-1.0	12.0	11.8	+0.2
Some earnings, no AFDC Payments or UI Benefits	27.9	22.4	+5.5	32.9	29.6	+3.3
Sample Size	678	535		623	338	

Outcome and Follow-Up Quarter	Experimental	Control	Difference	Experimental	Control	Difference
			Job Search			
Average Total Income Received, Quarters 2 - 6 ($)[a]	7006.11	6329.70	+ 676.40**	6092.86	6899.04	-806.18**yyy
Average Total Income Received, Quarters 2 - 8 ($)[a]	9761.33	8723.86	+1037.47**	n/a	n/a	n/a
Average Total Income Received($)						
Quarter of Application	a	a	a	a	a	a
Quarter 2	1441.63	1284.82	+ 156.81***	1390.54	1411.20	- 20.66y
Quarter 3	1450.18	1265.89	+ 184.28***	1258.17	1402.45	-144.28yyy
Quarter 4	1367.16	1294.83	+ 72.33	1149.44	1426.60	-277.16***yyy
Quarter 5	1356.72	1251.90	+ 104.82	1144.63	1345.43	-200.80**yy
Quarter 6	1390.45	1232.27	+ 158.18*	1150.06	1313.35	-163.29yy
Quarter 7	1382.91	1194.14	+ 188.77**	n/a	n/a	n/a
Quarter 8	1365.91	1231.22	+ 134.70	n/a	n/a	n/a
Status During Quarter 6 (%)[b]						
No earnings, AFDC Payments or UI Benefits	30.2	34.6	-4.4	35.9	30.8	+5.1
No earnings, and some AFDC Payments or UI Benefits	30.2	29.9	+0.3	30.0	27.8	+2.2
Some earnings, AFDC Payments or UI Benefits	14.0	13.1	+0.9	11.3	11.8	-0.5
Some earnings, no AFDC Payments or UI Benefits	25.6	22.4	+3.2	22.8	29.6	-6.8
Sample Size	536	535		320	338	

(continued)

Table C.12 (continued)

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information SYstem and Unemployment Insurance benefits records from the State of California.

NOTES: Measured income is defined as total earnings, welfare payments, and Unemployment Compensation received during a calendar quarter.

These data include zero values for sample members not employed and for sample members not receiving welfare or UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. There may be some discrepancies in calculating sums and differences due to rounding.

[a] Measured Income is not available for the quarter of application because only individuals who applied for AFDC during the first month of the calendar quarter have information about welfare payments for the full three months of that year.

[b] The calculations for Income Status during Quarter 6 have not been regression-adjusted; tests of statistical significance have not been applied.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE C.13

SAN DIEGO

AFDC APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH, BY PRIOR AFDC RECEIPT HISTORY (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Prior AFDC History	Job Search - EWEP		
		Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	No Prior AFDC	62.8	62.9	-0.1
	Two Years or Less	60.8	51.6	+9.1***yy
	More Than Two Years	59.3	52.0	+7.3**
Average Number of Quarters With Employment, Quarters 2 - 6[a]	No Prior AFDC	2.15	1.98	+0.16
	Two Years or Less	2.01	1.60	+0.41***
	More Than Two Years	1.92	1.64	+0.28*
Ever Employed in Quarter 6 (%)	No Prior AFDC	45.5	43.8	+1.7
	Two Years or Less	40.1	35.0	+5.1
	More Than Two Years	40.1	35.7	+4.4
Average Total Earnings, Quarters 2 - 6 ($)[a]	No Prior AFDC	4399.39	4002.93	+396.46
	Two Years or Less	3809.45	2874.99	+934.46***
	More Than Two Years	3082.04	2372.49	+709.55*
Average Total Earnings in Quarter 6 ($)	No Prior AFDC	1129.12	1044.96	+ 84.16
	Two Years or Less	916.95	700.47	+216.48**
	More Than Two Years	722.96	557.92	+165.04
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	No Prior AFDC	6.24	6.92	-0.68
	Two Years or Less	8.57	9.13	-0.56
	More Than Two Years	9.78	9.93	-0.14
Ever Received Any AFDC Payments in Quarter 6 (%)	No Prior AFDC	24.4	26.3	-1.9
	Two Years or Less	37.1	38.7	-1.5
	More Than Two Years	44.6	44.5	+0.1
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	No Prior AFDC	2607.22	2873.31	-266.09
	Two Years or Less	3542.31	3908.28	-365.96*
	More Than Two Years	4178.91	4379.64	-200.74
Average AFDC Payments Received in Quarter 6 ($)	No Prior AFDC	302.80	304.57	- 1.77
	Two Years or Less	418.74	497.41	-78.67*
	More Than Two Years	571.28	539.00	+32.28
Sample Size	No Prior AFDC	515	274	
	Two Years or Less	575	348	
	More Than Two Years	412	251	

(continued)

TABLE C.13 (continued)

Outcome and Follow-Up Period	Prior AFDC History	Job Search		
		Experimental	Control	Difference
Ever Employed, Quarters 2- 6 (%)[a]	No Prior AFDC	62.9	62.9	- 0.0
	Two Years or Less	63.3	51.6	+11.7***yy
	More Than Two Years	53.6	52.0	+ 1.6
Average Number of Quarters With Employment, Quarters 2 - 6[a]	No Prior AFDC	1.98	1.98	+0.00
	Two Years or Less	1.99	1.60	+0.39***y
	More Than Two Years	1.60	1.64	-0.04
Ever Employed in Quarter 6 (%)	No Prior AFDC	38.8	43.8	-5.0y
	Two Years or Less	40.4	35.0	+5.3
	More Than Two Years	31.7	35.7	-4.0
Average Total Earnings, Quarters 2 - 6 ($)[a]	No Prior AFDC	3744.01	4002.93	-258.92
	Two Years or Less	3411.75	2874.99	+536.76
	More Than Two Years	2806.85	2372.48	+434.37
Average Total Earnings in Quarter 6 ($)	No Prior AFDC	897.08	1044.96	-147.88
	Two Years or Less	781.87	700.47	+ 81.40
	More Than Two Years	692.13	557.92	+134.21
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	No Prior AFDC	6.41	6.92	-0.51
	Two Years or Less	8.86	9.13	-0.28
	More Than Two Years	9.88	9.93	-0.04
Ever Received Any AFDC Payments in Quarter 6 (%)	No Prior AFDC	24.4	26.3	-1.9
	Two Years or Less	39.7	38.7	+1.0
	More Than Two Years	45.4	44.5	+0.9
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	No Prior AFDC	2742.67	2873.31	-130.64
	Two Years or Less	3681.13	3908.28	-227.15
	More Than Two Years	4127.75	4379.64	-251.89
Average AFDC Payments Received in Quarter 6 ($)	No Prior AFDC	324.19	304.57	+19.62
	Two Years or Less	486.31	497.41	-11.10
	More Than Two Years	538.55	539.00	- 0.45
Sample Size	No Prior AFDC	285	274	
	Two Years or Less	330	348	
	More Than Two Years	241	251	

SOURCE AND NOTES: See Table 3.2.

Coefficients of regression control variables are constrained to equality across research groups and across subgroups.

A two-tailed t-test was applied to differences between subgroups. Statistical significance levels are indicated as follows: y = 10 percent; yy = 5 percent; yyy = 1 percent for the differences between those with no prior AFDC history and those with a receipt history of two years or less; and x = 10 percent; xx = 5 percent; xxx = 1 percent for the differences between those with no prior AFDC history and those with a receipt history of more than two years.

TABLE C.14

SAN DIEGO

AFDC APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH, BY NUMBER OF CHILDREN (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Number of Children	Job Search - EWEP			Job Search		
		Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	One	62.9	57.1	+5.8**	64.0	57.1	+6.9**
	More than One	59.1	53.7	+5.5**	56.9	53.7	+3.2
Average Number of Quarters With Employment, Quarters 2 - 6[a]	One	2.05	1.82	+0.23**	2.00	1.82	+0.17
	More than One	2.00	1.65	+0.35***	1.76	1.65	+0.11
Ever Employed in Quarter 6 (%)	One	41.8	40.7	+1.1	38.4	40.7	-2.3
	More than One	42.1	35.8	+6.4**	36.4	35.8	+0.7
Average Total Earnings, Quarters 2 - 6 ($)[a]	One	3870.66	3334.18	+536.48*	3512.45	3334.18	+178.27
	More than One	3734.04	2883.43	+850.61***	3190.12	2883.43	+306.69
Average Total Earnings in Quarter 6 ($)	One	921.40	869.72	+ 51.68y	842.47	869.72	-27.25
	More than One	945.62	684.16	+261.46***	753.35	684.16	+69.19
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	One	7.60	7.83	-0.23	7.77	7.83	- 0.06
	More than One	8.66	9.37	-0.71*	8.88	9.37	- 0.49
Ever Received Any AFDC Payments in Quarter 6 (%)	One	31.3	30.9	+0.4	32.2	30.9	+1.3
	More than One	38.6	41.2	-2.6	40.2	41.2	-1.0
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	One	2801.51	2968.26	-166.75	2916.92	2968.26	- 51.34
	More than One	4011.03	4406.91	-395.87**	4066.89	4406.91	-340.02*
Average AFDC Payments Received in Quarter 6 ($)	One	330.84	333.58	- 2.74	343.77	333.58	+10.19
	More than One	514.00	554.00	-39.99	550.11	554.00	- 3.89
Sample Size	One Child	755	419		433	419	
	More than More Than One Child	747	454		423	454	

SOURCE AND NOTES: See Table 3.2.

Coefficients of regression control variables are constrained to equality across research groups and across subgroups.

The More Than One Child category contains a small number of individuals with zero for number of children.

None of the differences in impacts between subgroups are statistically significant at the 10 percent level using a two-tailed t-test.

TABLE C.15

SAN DIEGO

AFDC APPLICANTS: WELFARE RECIDIVISM, BY RESEARCH GROUP AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	October 1982 - March 1983			April - August 1983			October 1982 - August 1983		
Recidivism Status	Job Search-EWEP	Job Search	Control	Job Search-EWEP	Job Search	Control	Job Search-EWEP	Job Search	Control
Welfare Recidivism (%)[a]	13.9	11.0	11.2	11.9	16.3	12.4	13.0	13.0	11.7
Within the Six Quarter Follow-Up Period: (%)									
On Welfare, Goes Off and Never Returns	43.3	44.8	44.5	46.9	45.0	42.9	44.8	44.9	43.9
Always on Welfare	26.3	29.1	30.1	25.0	24.4	27.8	25.8	27.3	29.2
Never on Welfare	16.5	15.1	14.2	16.2	14.4	16.9	16.4	14.8	15.2
Sample Size	879	536	535	623	320	338	1502	856	873

SOURCE: MDRC calculations from County of San Diego welfare records from the EPP Information System.

[a] An individual is considered a welfare recidivist if he/she is on welfare, goes off welfare, and then returns to welfare sometime within six quarters of follow-up. The quarterly welfare information, however, does not pick up monthly movement on and off the rolls.

These figures were not regression-adjusted.

Differences among research groups were not found to be statistically significant at the 10 percent level using a chi-square test.

Tests of statistical significance between application periods were not calculated.

TABLE C.16

SAN DIEGO

AFDC APPLICANTS: ESTIMATED REGRESSION COEFFICIENTS FOR TWELVE-MONTH FOLLOW-UP, SELECTED EMPLOYMENT AND WELFARE MEASURES

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Variable	Ever Employed in Quarter 6	Earnings in Quarter 6	AFDC Receipt in Quarter 6	Total AFDC Payments in Quarter 6
Job Search-EWEP	+3.8* (2.0)	+160.64*** (59.08)	- 1.2 (2.0)	- 22.38 (27.12)
Job Search	-0.7 (2.3)	+ 26.26 (66.66)	+ 0.0 (2.2)	+ 1.72 (30.60)
San Diego West[a]	-----	-----	-----	-----
Oceanside	+0.8 (3.4)	+ 41.12 (100.56)	- 7.5** (3.4)	- 92.76** (46.16)
San Diego East	+4.9 (3.1)	+197.74** (93.18)	- 5.2* (3.1)	- 77.83* (42.76)
Service Center	+3.7 (2.8)	+100.75 (82.11)	+ 0.3 (2.7)	- 12.60 (37.69)
Escondido	+6.9** (3.5)	+184.80* (102.17)	- 3.3 (3.4)	- 89.19* (46.89)
South Bay	+4.5 (3.1)	+ 62.27 (90.80)	+ 2.3 (3.0)	+ 8.90 (41.67)
El Cajon	+5.5** (2.7)	+ 47.12 (81.00)	- 2.9 (2.7)	- 42.63 (37.18)
Age 24 Years or Less	+1.6 (3.0)	-110.39 (87.55)	+ 6.3** (2.9)	+ 80.25** (40.18)
Age 25-34 Years[a]	-----	-----	-----	-----
Age 35-44 Years	+2.3 (2.0)	+ 36.28 (58.17)	- 3.2* (1.9)	- 58.32** (26.70)
Age 45 Years or More	-1.2 (3.1)	- 63.54 (91.94)	+ 3.4 (3.1)	- 13.82 (42.20)
Female	+1.6 (2.6)	-166.15** (76.10)	+ 1.7 (2.5)	- 17.05 (34.93)

(continued)

TABLE C.16 (continued)

Variable	Ever Employed in Quarter 6	Earnings in Quarter 6	AFDC Receipt in Quarter 6	Total AFDC Payments in Quarter 6
White, Non-Hispanic[a]	-----	-----	-----	-----
Black, Non-Hispanic	-0.7 (2.4)	- 61.89 (71.81)	+ 10.0*** (2.4)	+147.79*** (32.86)
Hispanic	-0.6 (2.5)	- 81.24 (74.21)	+ 5.3** (2.5)	+ 92.09*** (34.06)
Other Ethnic Groups	-0.7 (4.2)	-116.04 (125.28)	- 1.6 (4.2)	+ 4.99 (57.51)
High School Diploma or General Equivalency Diploma	+9.0*** (1.8)	+278.63*** (52.96)	- 6.4*** (1.8)	- 86.98*** (24.31)
Never Married	-1.7 (3.5)	- 79.41 (102.66)	+ 11.0*** (3.4)	+107.76** (47.12)
Married, Living With Spouse[a]	-----	-----	-----	-----
Married, Not Living With Spouse	+0.2 (2.9)	-107.46 (87.19)	+ 7.0** (2.9)	+ 78.81** (40.02)
Divorced or Widowed	+0.2 (2.9)	- 94.46 (86.53)	+ 4.7 (2.9)	+ 42.45 (39.72)
Number of Children Less Than 19 Years Old	-0.3 (0.9)	+ 2.31 (25.55)	+ 4.1*** (0.9)	+112.98*** (11.73)
Any Children Less Than 6 Years Old	-3.3 (2.5)	- 19.90 (73.16)	+ 6.7*** (2.4)	+ 47.82 (33.58)
Never on AFDC[a]	-----	-----	-----	-----
On AFDC Two Years or Less	-3.5* (2.0)	-126.88** (59.72)	+ 11.1*** (2.0)	+123.64*** (27.41)
On AFDC More Than Two Years	-5.1** (2.2)	-263.57*** (66.45)	+ 17.6*** (2.2)	+213.61*** (30.50)
Held a Job During Four Quarters Prior to Application	+13.7*** (2.0)	+109.53* (60.22)	- 3.0 (2.0)	- 88.94*** (27.64)

(continued)

TABLE C.16 (continued)

Variable	Ever Employed in Quarter 6	Earnings in Quarter 6	AFDC Receipt in Quarter 6	Total AFDC Payments in Quarter 6
Total Earnings During Four Quarters Prior to Application (In Thousands of Dollars)	+1.9*** (0.2)	+ 94.23*** (6.91)	- 0.6*** (0.2)	- 9.78*** (3.17)
Constant	+18.3*** (4.3)	+610.31*** (126.67)	+ 17.2*** (4.2)	+207.96*** (58.14)
Number of Observations	3231	3231	3231	3231
R Square	.0980	.1310	.0807	.1027
Dependent Variable Average	38.7	854.38	35.6	435.34

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information System.

NOTES: Sample sizes for the AFDC groups are as follows: 1502 Job Search-EWEP Experimentals; 856 Job Search Experimentals; and 873 Controls.

Regressions presented in this table correspond to impact estimates presented in table 3.2.

Estimated standard errors are in parentheses. Levels of statistical significance: * = 10 percent; ** = 5 percent; *** = 1 percent.

These data include zero values for sample members not employed and for sample members not receiving welfare. All regression estimates are by ordinary least squares.

[a] Where ambiguities may arise, reference groups for categorical variables are indicated by dashes in the table.

APPENDIX D

TABLE D.1

SAN DIEGO

AFDC-U APPLICANTS: SIX-MONTH PERFORMANCE INDICATORS, BY RESEARCH GROUP AND APPLICATION PERIOD (OCTOBER 1982 - AUGUST 1983 SAMPLE)

Six-Month Performance Indicator	Job Search-EWEP		Job Search	
	October 1982 - March 1983	April-August 1983	October 1982 - March 1983	April-August 1983
Contacted Worker For Job Placement Assistance (%)	88.5	90.3	88.6	89.7
Referred to a Job	6.9	7.2	4.3	5.0
Accepted Job Offer	0.0	0.0	0.0	0.0
Registered With EPP (%)	85.2	86.4	88.6	82.9**
Participated in Any Post-Registration Activity (%)	53.1	50.3	48.1	47.7
Participated in Job Search Workshop (%)[a]	51.9	49.5	47.0	47.0
Found Employment During Workshop	14.4	15.5	10.1	15.0**
Completed Workshop, Not Employed	28.2	26.1	28.8	23.1*
Did Not Complete Workshop	9.3	8.0	8.1	9.0
EWEP (%)[b]				
Referred to EWEP	26.7	25.3	0.0	0.0
Interviewed by EWEP Staff	21.4	19.1	0.0	0.0
Assigned to Worksite	18.9	17.5	0.0	0.0
Worked at Least One Hour at Worksite	16.5	13.4	0.0	0.0
Received Other EPP Services (%)[c]	2.4	3.3	2.4	4.0
Deregistered From EPP (%)	56.6	61.7*	58.1	54.5
Due to Request for Sanction (%)	5.0	5.2	3.7	5.3
Program Placement (Found Employment) (%)[d]	30.5	31.9	29.6	31.5
Total Applicants[e]	763	640	534	321

SOURCE: MDRC calculations from the EPP Information System and EWEP Activity Logs.

NOTES: All performance indicators are calculated as a percentage of all applicants in the indicated research group.

[a] Participation is defined as attending a workshop for at least one day.

(continued)

TABLE D.1 (continued)

[b] Information on EWEP activity is obtained from EWEP Activity Logs maintained by the San Diego County Department of Social Services. As compared to the other indicators, EWEP Log data provides slightly less post-application follow-up for individuals applying during the latter part of any particular month.

[c] Other EPP services includes On-the-Job Training, subsidized employment, individual job search, and WIN Work Experience.

[d] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure program impacts.

[e] Excludes applicants missing AFDC payments for at least one month within the first six months after application.

Differences between application periods within a research group are statistically significant using a chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE D.2

SAN DIEGO

AFDC-U APPLICANTS: ATTENDANCE AND COMPLETION DATA FOR JOB SEARCH WORKSHOP PARTICIPANTS, BY RESEARCH GROUP AND APPLICATION PERIOD

(OCTOBER 1982 - AUGUST 1983 SAMPLE)

Indicator	Job Search-EWEP		Job Search	
	October 1982 - March 1983	April- August 1983	October 1982 - March 1983	April- August 1983
Days Attended (%)				
1 to 5 Days	17.7	14.5***	17.0	18.4***
6 to 10 Days	20.5	34.2	17.3	32.3
11 to 15 Days	59.7	50.1	65.3	47.5
16 Days or More	2.1	1.2	0.4	1.9
Average Total Days Attended	10.5	10.3	10.6	9.8
Average Total Days Excused Absence	1.0	0.8	1.0	0.9
Average Total Days Unexcused Absence	0.7	0.4	0.4	0.4
Outcome of Job Search Workshop Participation (%)[a]				
Found Employment During Workshop	28.3	31.9	20.6	31.0
Completed Workshop, Not Employed	54.1	52.2	62.8	50.0
Did Not Complete Workshop, May Be Rescheduled	6.5	6.8	6.5	7.0
Did Not Complete Workshop, Not Rescheduled	11.1	9.1	10.1	12.0
Total Number Who Participated at Least One Day	434	339	277	158

SOURCE: MDRC calculations from the EPP Information System's Job Search Workshop Attendance Logs.

NOTES: These data include only those registrants who participated in a Job Search Workshop for at least one day within six months of application. All indicators are calculated as a percentage of all participants in the indicated research group.

Distributions may not add exactly to 100.0 percent because of rounding.

[a] Outcome of workshop participation is based on employment status reported to program staff at the time an individual leaves the workshop.

Differences between application periods within a research group are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE D.3

AFDC-U APPLICANTS: IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH ON UNEMPLOYMENT INSURANCE BENEFITS, BY APPLICATION PERIOD

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	Job Search-EWEP			Job Search		
Outcome and Follow-Up Period	Experimental	Control	Difference	Experimental	Control	Difference
	October 1982 - March 1983					
Ever Received UI Benefits, Quarters 1 - 6 (%)	53.2	55.4	- 2.2	57.0	55.4	+ 1.7
Ever Received UI Benefits, Quarters 1 - 8 (%)	54.6	56.7	- 2.1	58.8	56.7	+ 2.1
Ever Received UI Benefits (%)						
Quarter of Application	45.0	46.2	- 1.2	46.8	46.2	+ 0.6
Quarter 2	36.1	36.9	- 0.8	36.4	36.9	- 0.5
Quarter 3	23.5	24.9	- 1.4	25.8	24.9	+ 0.9
Quarter 4	17.4	17.8	- 0.4	18.9	17.8	+ 1.1
Quarter 5	10.9	14.3	- 3.3*	13.9	14.3	- 0.3
Quarter 6	9.8	11.3	- 1.5	11.8	11.3	+ 0.5
Quarter 7	10.2	11.3	- 1.1	10.2	11.3	- 1.1
Quarter 8	9.1	12.6	- 3.5	11.5	12.6	- 1.1
Average Total UI Benefits, Quarters 1 - 6 ($)	1296.61	1375.15	- 78.54	1431.42	1375.15	+ 56.27
Average Total UI Benefits, Quarters 1 - 8 ($)	1433.83	1578.76	- 144.93	1600.34	1578.76	+ 21.58
Average Total UI Benefits ($)						
Quarter of Application	425.61	442.20	- 16.60	444.35	442.20	+ 2.14
Quarter 2	369.72	403.02	- 33.30	371.36	403.02	- 31.66
Quarter 3	230.34	215.91	+ 14.42	251.38	215.91	+ 35.47
Quarter 4	126.65	141.89	- 15.24	148.96	141.89	+ 7.06
Quarter 5	71.03	100.25	- 29.22*	115.50	100.25	+ 15.25
Quarter 6	73.27	71.88	+ 1.39	99.89	71.88	+ 28.01
Quarter 7	65.89	93.94	- 28.05*	78.20	93.94	- 15.74
Quarter 8	78.35	99.03	- 20.68	80.89	99.03	- 18.14
Sample Size	741	499		513	499	
	April - August 1983					
Ever Received UI Benefits, Quarters 1 - 6 (%)	47.6	46.9	+ 0.7	48.6	46.9	+ 1.7
Ever Received UI Benefits, (%)						
Quarter of Application	38.3	37.7	+ 0.6	37.0	37.7	- 0.7
Quarter 2	27.0	28.5	- 1.5	23.3	28.5	- 5.2
Quarter 3	18.8	21.9	- 3.1	17.6	21.9	- 4.2
Quarter 4	14.2	15.5	- 1.3	12.6	15.5	- 2.9
Quarter 5	11.1	8.3	+ 2.8yy	11.7	8.3	+ 3.4
Quarter 6	10.3	7.9	+ 2.4	11.4	7.9	+ 3.5
Average Total UI Benefits, Quarters 1 - 6 ($)	1071.13	1022.74	+ 48.39	971.16	1022.74	-51.58
Average Total UI Benefits ($)						
Quarter of Application	348.21	349.65	- 1.44	288.93	349.65	-60.72
Quarter 2	255.23	285.17	- 29.94	262.12	285.17	-23.05
Quarter 3	180.01	183.66	- 3.65	158.58	183.66	-25.08
Quarter 4	118.15	80.20	+ 37.95y	82.84	80.20	+ 2.64
Quarter 5	83.13	67.81	+ 15.32y	82.41	67.81	+14.59
Quarter 6	86.40	56.25	+ 30.14	96.29	56.25	+40.04*
Sample Size	635	314		318	314	

(continued)

Table D.3 (continued)

SOURCE: MDRC calculations from Unemployment Insurance benefits records from the State of California.

NOTES: The first month of the quarter of application is the month in which an individual was randomly assigned. These data include zero values for sample members not receiving UI benefits. These data are regression-adjusted using ordinary least squares, controlling for pre-application characteristics of sample members. Prior UI benefit receipt was not included as a regression control. There may be some discrepancies in calculating sums and differences due to rounding.

Only 18 months of follow-up is available for later applicants.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between application periods. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE D.4

SAN DIEGO

AFDC-U APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH, BY PRIOR YEAR EMPLOYMENT STATUS

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Prior Employment	Job Search - EWEP			Job Search		
		Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	None	57.3	54.8	+2.6	59.7	54.8	+5.0
	Some	83.8	81.1	+2.7	79.6	81.1	-1.5
Average Number of Quarters With Employment, Quarters 2 - 6[a]	None	1.76	1.62	+0.13	1.78	1.62	+0.16
	Some	2.90	2.85	+0.05	2.84	2.85	-0.01
Ever Employed in Quarter 6 (%)	None	32.0	38.3	-6.3	37.4	38.3	-0.9
	Some	61.5	62.1	-0.5	60.4	62.1	-1.7
Average Total Earnings, Quarters 2 - 6 ($)[a]	None	4537.95	3972.21	+565.74	3932.12	3972.21	- 40.09
	Some	8480.25	8402.10	+ 78.15	8956.90	8402.10	+554.81
Average Total Earnings in Quarter 6 ($)	None	1021.75	1024.72	- 2.97	1007.14	1024.72	-17.58
	Some	2148.36	2137.95	+ 11.41	2165.46	2137.95	+27.51
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	None	7.29	8.78	- 1.49***	7.26	8.78	-1.52***
	Some	6.31	7.00	- 0.70**	6.45	7.00	-0.56*
Ever Received Any AFDC Payments in Quarter 6 (%)	None	27.2	35.2	- 8.0**	30.3	35.2	-4.9
	Some	31.4	32.2	- 0.8	27.0	32.2	-5.2**
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	None	3886.92	4907.84	-1020.91***yy	3893.30	4907.84	-1014.53***yy
	Some	2820.68	3154.93	- 334.25**	2902.33	3154.93	- 252.60
Average AFDC Payments Received in Quarter 6 ($)	None	399.89	559.88	-159.99***y	465.36	559.88	-94.51
	Some	407.44	434.95	- 27.51	353.49	434.95	-81.46**
Sample Size							
Have No Prior Year Employment		386	233		238	233	
Have Some Prior Year Employment		890	580		593	580	

SOURCE: See Table 4.2.

NOTES: Coefficients of regression control variables are constrained to equality across research groups and subgroups.

A two-tailed t-test was applied to differences in impacts between subgroups. Statistical significance levels indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE D.5

SAN DIEGO

AFDC-U APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH,[b] BY PRIOR UNEMPLOYMENT INSURANCE BENEFITS RECEIPT

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Prior UI Benefits[b]	Job Search - EWEP		
		Experimental	Control	Difference
Ever Employed, Quarters 2 - 6(%)[a]	None	72.9	69.0	+3.9*
	Some	85.4	85.3	+0.0
Average Number of Quarters With Employment, Quarters 2 - 6[a]	None	2.40	2.29	+0.11
	Some	3.04	3.06	-0.01
Ever Employed in Quarter 6 (%)	None	48.6	50.5	-1.8
	Some	65.3	67.8	-2.5
Average Total Earnings, Quarters 2 - 6 ($)[a]	None	6591.01	6191.89	+399.12
	Some	9412.37	9574.67	-162.30
Average Total Earnings in Quarter 6 ($)	None	1613.26	1544.83	+ 68.43
	Some	2405.85	2528.47	-122.62
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	None	6.79	7.87	-1.08***
	Some	6.04	6.60	-0.56
Ever Received Any AFDC Payments in Quarter 6 (%)	None	31.3	34.4	-3.1
	Some	27.3	29.7	-2.4
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	None	3294.39	3955.74	-661.35***
	Some	2664.55	2888.61	-224.06
Average AFDC Payments Received in Quarter 6 ($)	None	423.23	512.22	-88.99**
	Some	356.92	365.90	- 8.98
Sample Size	Received No Unemployment Insurance Benefits	1003	583	
	Received Some Unemployment Insurance Benefits	373	230	

(continued)

TABLE D.5 (continued)

Outcome and Follow-Up Period	Prior UI Benefits[b]	Job Search		
		Experimental	Control	Difference
Ever Employed, Quarters 2 - 6(%)[a]	None	71.0	69.0	+2.0
	Some	81.7	85.3	-3.6
Average Number of Quarters With Employment, Quarters 2 - 6[a]	None	2.38	2.29	+0.09
	Some	2.96	3.06	-0.10
Ever Employed in Quarter 6 (%)	None	49.4	50.5	-1.1
	Some	65.5	67.8	-2.3
Average Total Earnings, Quarters 2 - 6 ($)[a]	None	6624.54	6191.89	+432.64
	Some	9862.69	9574.67	+288.02
Average Total Earnings in Quarter 6 ($)	None	1588.48	1544.83	+43.66
	Some	2477.58	2528.47	-50.89
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	None	6.53	7.87	-1.34***yyy
	Some	7.06	6.60	+0.46
Ever Received Any AFDC Payments in Quarter 6 (%)	None	27.1	34.4	-7.4***
	Some	30.4	29.7	+0.6
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	None	3183.46	3955.74	-772.28***yyy
	Some	3182.24	2888.61	+293.63
Average AFDC Payments Received in Quarter 6 ($)	None	373.38	512.22	-138.85***yy
	Some	416.89	365.90	+ 50.99
Sample Size	Received No Unemployment Insurance Benefits	598	583	
	Received Some Unemployment Insurance Benefits	233	230	

SOURCE AND NOTES: See Table 4.2.

[b] Prior UI Benefits are only observed for the six months prior to application.

Coefficients of regression control variables are constrained to equality across research groups and across subgroups.

A two-tailed t-test was applied to differences in impacts between subgroups. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE D.6

SAN DIEGO

AFDC-U APPLICANTS: SELECTED IMPACTS OF JOB SEARCH-EWEP AND JOB SEARCH, BY NUMBER OF CHILDREN

(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Outcome and Follow-Up Period	Number of Children	Job Search - EWEP			Job Search		
		Experimental	Control	Difference	Experimental	Control	Difference
Ever Employed, Quarters 2 - 6 (%)[a]	One	77.0	72.6	+4.4	75.5	72.6	+3.0
	More than One	76.0	74.1	+1.9	73.1	74.1	-1.0
Average Number of Quarters With Employment, Quarters 2 - 6[a]	One	2.63	2.31	+0.31**yy	2.59	2.31	+0.28*y
	More than One	2.55	2.59	-0.04	2.51	2.59	-0.08
Ever Employed in Quarter 6 (%)	One	51.2	52.9	-1.7	54.8	52.9	+1.9
	More than One	54.1	56.5	-2.4	53.2	56.5	-3.2
Average Total Earnings, Quarters 2 - 6 ($)[a]	One	6718.82	5225.92	+1492.90**yy	6576.65	5225.92	+1350.72*
	More than One	7675.00	8040.44	- 365.44	7984.90	8040.44	- 55.54
Average Total Earnings in Quarter 6 ($)	One	1543.90	1429.66	+114.24	1573.43	1429.66	+ 143.77
	More than One	1968.40	2008.86	- 40.46	1962.75	2009.86	- 47.11
Average Number of Months Receiving AFDC Payments, Quarters 1 - 6	One	6.29	7.06	- 0.78*	6.31	7.06	-0.75
	More than One	6.73	7.71	- 0.98***	6.86	7.71	-0.85**
Ever Received Any AFDC Payments in Quarter 6 (%)	One	29.1	29.9	- 0.8	27.0	29.9	-3.0
	More than One	30.8	34.5	- 3.7	28.4	34.5	-6.1**
Average Total AFDC Payments Received, Quarters 1 - 6 ($)	One	2634.76	3030.13	- 395.37	2669.42	3030.13	-360.70
	More than One	3363.69	3948.74	- 585.05***	3439.81	3948.74	-508.93***
Average AFDC Payments Received in Quarter 6 ($)	Onee	330.42	381.57	- 51.15	331.89	381.57	- 47.68
	More than One	442.29	512.83	- 70.53*	410.98	512.83	-101.85**
Sample Size							
	One Child	453	245		296	245	
	More Than One Child	924	567		535	567	

SOURCE: See Table 4.2.

NOTES: Coefficients of regression control variables are constrained to equality across research groups and subgroups.

The More-Than-One-Child category contains a small number of individuals with zero for number of children.

A two-tailed t-test was applied to differences in impacts between subgroups. Statistical significance levels indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

TABLE D.7

SAN DIEGO

AFDC-U APPLICANTS: WELFARE RECIDIVISM, BY RESEARCH GROUP AND APPLICATION PERIOD
(OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

	October 1982 - March 1983			April - August 1983			October 1982 - August 1983		
Recidivism Status	Job Search-EWEP	Job Search	Control	Job Search-EWEP	Job Search	Control	Job Search-EWEP	Job Search	Control
Welfare Recidivism (%)[a]	17.1	16.6	16.0	18.1	16.4	17.2	17.6	16.5	16.5
Within the Six Quarter Follow-Up Period: (%)									
On Welfare, Goes Off and Never Returns	45.9	47.6	43.1	48.2	43.7	47.5	46.9	46.1	44.8
Always on Welfare	18.5	18.1	23.4	16.7	15.4	19.4	17.7	17.1	21.9
Never on Welfare	18.5	17.7	17.4	17.0	24.5	15.9	17.8	20.3	16.9
Sample Size	741	513	499	635	318	314	1376	831	813

SOURCE: MDRC calculations from County of San Diego welfare records from the EPP Information System.

[a] An individual is considered a welfare recidivist if he/she is on welfare, goes off welfare, and then returns to welfare sometime within six quarters of follow-up. The quarterly welfare information, however, does not pick up monthly movement on and off the rolls.

These figures were not regression-adjusted.

None of the differences among research groups were statistically significant at the 10 percent level using a two-tailed t-test.

Tests of statistical significance between application periods were not calculated.

TABLE D.8

SAN DIEGO

AFDC-U APPLICANTS: ESTIMATED REGRESSION COEFFICIENTS FOR TWELVE-MONTH FOLLOW-UP, SELECTED EMPLOYMENT AND WELFARE MEASURES (OCTOBER 1982 - AUGUST 1983 IMPACT SAMPLE)

Variable	Ever Employed in Quarter 6	Earnings in Quarter 6	AFDC Receipt in Quarter 6	Total AFDC Payments in Quarter 6
Job Search-EWEP	-2.2 (2.1)	+ 7.29 (99.75)	- 2.9 (2.0)	- 65.06** (30.95)
Job Search	-1.5 (2.4)	+ 14.62 (111.28)	- 5.1** (2.2)	- 84.98** (34.52)
San Diego West[a]	-----	-----	-----	-----
Oceanside	+7.7* (4.0)	+225.97 (187.23)	- 10.0*** (3.7)	-213.39*** (58.08)
San Diego East	+8.4*** (3.5)	+594.33*** (163.92)	- 3.8 (3.3)	- 84.52* (50.85)
Service Center	+5.7* (3.2)	+378.69** (150.39)	+ 0.2 (3.0)	- 22.51 (46.66)
Escondido	+10.5*** (3.5)	+372.24** (165.91)	- 14.6*** (3.3)	-255.10*** (51.47)
South Bay	+3.7 (3.2)	+322.06** (148.40)	- 2.8 (2.9)	- 37.72 (46.04)
El Cajon	+9.3*** (3.1)	+564.90*** (146.94)	- 1.4 (2.9)	- 61.61 (45.58)
Age 24 Years or Less	+4.2* (2.3)	-108.51 (108.40)	+ 1.7 (2.2)	+ 4.31 (33.63)
Age 25-34 Years[a]	-----	-----	-----	-----
Age 35-44 Years	-1.6 (2.6)	- 72.37 (121.64)	- 1.2 (2.4)	- 1.26 (37.73)
Age 45 Years or More	-5.3 (3.9)	-288.38 (183.72)	- 0.4 (3.6)	- 29.17 (56.89)
Female	-8.2** (3.5)	-613.25*** (165.84)	- 3.4 (3.3)	-104.41** (51.45)

(continued)

TABLE D.8 (continued)

Variable	Ever Employed in Quarter 6	Earnings in Quarter 6	AFDC Receipt in Quarter 6	Total AFDC Payments in Quarter 6
White, Non-Hispanic[a]	-----	-----	-----	-----
Black, Non-Hispanic	+1.7 (3.4)	-214.81 (157.88)	+ 9.9*** (3.1)	+170.25*** (49.01)
Hispanic	+9.2*** (2.3)	+245.44** (108.91)	+ 4.5** (2.2)	+ 59.20* (33.79)
Other Ethnic Groups	+3.5 (4.1)	- 28.35 (182.00)	+ 3.3 (3.8)	+ 84.57 (59.56)
High School Diploma or General Equivalency Diploma	+4.0** (2.0)	+207.16** (82.08)	- 5.5*** (1.8)	- 86.69*** (28.57)
Never Married	-4.7 (3.6)	-288.17* (168.78)	+ 14.2*** (3.4)	+214.51*** (52.36)
Married, Living With Spouse[a]	-----	-----	-----	-----
Married, Not Living With Spouse	-8.3 (7.1)	-176.47 (334.05)	+ 14.4** (6.6)	+211.77** (103.63)
Divorced or Widowed	-1.5 (6.6)	-402.17 (311.02)	+ 13.9** (6.2)	+160.62* (96.49)
Number of Children Less Than 19 Years Old	+0.6 (0.8)	+107.99*** (37.89)	+ 1.8** (0.8)	+ 60.02*** (11.79)
Any Children Less Than 6 Years Old	-0.9 (2.5)	-112.24 (116.31)	+ 4.6** (2.3)	+ 63.14* (36.08)
Never on AFDC[a]	-----	-----	-----	-----
On AFDC Two Years or Less	-1.8 (1.9)	-134.17 (89.56)	+ 8.7*** (1.8)	144.30*** (27.78)
On AFDC More Than Two Years	-2.5 (3.9)	-193.02 (185.03)	+ 16.0*** (3.7)	+241.32*** (57.40)
Held a Job During Four Quarters Prior to Application	+15.8*** (2.3)	+135.88 (110.08)	+ 5.9*** (2.2)	+ 26.42 (34.15)

(continued)

TABLE D.8 (continued)

Variable	Ever Employed in Quarter 6	Earnings in Quarter 6	AFDC Receipt in Quarter 6	Total AFDC Payments in Quarter 6
Total Earnings During Four Quarters Prior to Application (In Thousands of Dollars)	+1.0*** (0.1)	+106.73*** (6.92)	- 0.7*** (0.1)	- 11.24*** (2.15)
Constant	+26.7*** (4.4)	+553.15*** (206.03)	+ 24.7*** (4.1)	+358.47*** (63.81)
Number of Observations	3020	3020	3020	3020
R Square	.0659	.1557	.0642	.0746
Dependent Variable Average	53.9	1828.42	30.4	417.49

SOURCE: MDRC calculations from County of San Diego welfare records and Unemployment Insurance earnings records from the EPP Information System.

NOTES: Sample sizes for the AFDC-U group are as follows: 1376 Job Search-EWEP Experimentals; 831 Job Search Experimentals; and 813 Controls.

Regressions presented in this table correspond to impact estimates presented in table 4.2.

Estimated standard errors are in parentheses. Levels of statistical significance: * = 10 percent; ** = 5 percent; *** = 1 percent.

These data include zero values for sample members not employed and sample members receiving welfare. All regression estimates are by ordinary least squares.

[a] Where ambiguities may arise, reference groups for categorical variables are indicated by dashes in the table.

APPENDIX E

APPENDIX E

QUALITY OF EPPIS FILES

The evaluation of the San Diego programs involved several data sources, as described in Chapter 2. In order to ensure the integrity of the data collection procedure, different strategies were used to assess the quality of the data and to identify any sources of bias.

The major data source was the EPP Information System (EPPIS) that combined individual program tracking, UI earnings and AFDC payment records for each sample member into one file. These independent data sources were linked by either Social Security number and/or welfare case number. The State of California was responsible for producing this EPPIS file and merging it with MDRC's Client Information Sheet (CIS). Throughout the demonstration, the state updated the EPPIS/CIS data file by overlaying the most recent five quarters of earnings data and adding the most recent month of welfare and program tracking data for each sample member onto the existing file. In some cases, corrections were made to the data in prior months.

The EPPIS/CIS data file was sent to MDRC upon request, where extensive work was done to analyze the quality of the data, including checks on sample sizes, demographic characteristics, tracking information, earnings records, and AFDC data. Sample sizes, demographic characteristics, and selected unadjusted impacts were compared across files to identify any discrepancies. The file used for this report was consistent with previous files as well as data presented in the second report, which indicates that the file used for this report was in fact merged properly, and its data were reliable.

Welfare Payments Records

Two issues were of particular importance for the welfare payments data. One was possible bias in the distribution of months in which welfare payments were missing -- that is, neither a zero nor a positive amount was recorded. This examination of missing data uncovered no biased distribution among research groups. The second concerned the possibility of bias resulting from a concentration of missing data at a particular amount (zero dollars). The data suggested no such bias.

In addition, two special efforts were made to check the quality of these data. One involved comparing the welfare data in EPPIS with those on microfiche maintained by the County of San Diego; the other involved matching EPPIS welfare payment amounts with those recorded in the local welfare case files. Both procedures indicated that the EPPIS welfare payments data were reasonably accurate, with minimal problems related to incorrect case number matches.

UI Earnings Records

Special attention was paid to the quality of the UI earnings data in light of the different employment and earnings behavior of the early and later applicant samples. Earnings data from the Unemployment Insurance (UI) system requires employers to report employee earnings on a quarterly basis in order to determine UI eligibility and employers' tax liability for Unemployment Insurance benefits. In contrast to the welfare payments, there is no distinction in the EPPIS file between zero earnings and missing data (possibly caused by a mismatch of Social Security numbers). Thus, the issue here concerned any bias resulting from using Social Security numbers recorded on EPPIS and/or MDRC's CIS to match sample members to the UI system. There was particular concern over the possibility of incorrect Social Security numbers. Two manual checks were done of the EPPIS earnings data -- one for the second report and one for this report. This involved comparing the earnings recorded on the EPPIS files for a random subsample of individuals with those obtained for the same individuals through the regular UI inquiry system used to process UI claims. Both of these checks confirmed the integrity of the matching process and the accuracy of the EPPIS files for UI reported earnings.

To further confirm the quality of the UI earnings records, additional quality checks were then done using other data sources. First, earnings reported by individuals on the six-month applicant survey discussed in Appendix B were matched to those reported by EPPIS using UI records. This analysis was done across application periods and research groups to check for differences in the existence of uncovered employment (i.e. employment reported on the survey that was not picked up by the UI system). No significant differences between research groups were found, although around 20 percent of the employment reported by applicants was not reflected using the UI data. Furthermore, there was no real difference between research groups or application periods in the types of uncovered jobs individuals had.

Earnings data were also compared between the CIS form and the UI system to examine the extent of under-reporting using sample member self-reported information on employment prior to random assignment. Although there was a discrepancy of about 20 to 25 percent between UI and CIS reported employment, this can be attributed in part to recall error in the CIS data and reporting lags in the UI system.

These investigations show that the State of California's EPPIS file successfully merged three major data sources for each sample member and that the impacts found for the Job Search group across application periods are not due to computational error or data file problems.

APPENDIX F

APPENDIX F

SENSITIVITY OF THE BENEFIT-COST RESULTS

As discussed in Chapter 5, the benefit-cost analysis made many different assumptions. This appendix tests the sensitivity of the overall, or "benchmark," results to changes in key assumptions needed to estimate impacts, to value both the output produced in regular jobs in the labor market and the output produced in EWEP assignments, and to extrapolate program benefits beyond the observation period. For each test, one assumption is modified and the net present values are recalculated for each of the programs and assistance categories. The results of these tests are presented in Table F.1 along with the "benchmark" results presented in Chapter 5.

Impact Estimation. The estimates of program effects used in the benefit-cost analysis are unadjusted experimental-control differences in outcomes rather than the regression-adjusted earnings and welfare estimates reported in Chapters 3 and 4. For the reasons discussed in Chapter 5, making adjustments in all benefit and cost components that are comparable to those used in Chapters 3 and 4 would require additional analysis that is beyond the scope of this evaluation.

While regression adjustments have not been used in computing the overall net present value estimates, it is possible to test the sensitivity of the overall results to using regression-adjusted estimates for earnings and welfare payments only. This is the first test presented in Table F.1. The adjustments change the overall estimates by between $77 and $634 per

TABLE F.1

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NET PRESENT VALUE ESTIMATES UNDER ALTERNATIVE ASSUMPTIONS BY RESEARCH GROUP, ACCOUNTING PERSPECTIVE AND ASSISTANCE CATEGORY

Estimation Assumptions	Job Search - EWEP			Job Search		
	Accounting Perspective			Accounting Perspective		
	Social	Applicant	Taxpayer	Social	Applicant	Taxpayer
Benchmark Estimate for AFDC Applicants[a]	$1952	$797	$1155	$1086	$644	$452
Alternative Assumptions for AFDC Applicants						
Benefits Regression-Adjusted	$2439	$1431	$1008	$650	$451	$199
Displacement = 50%	1022	797	224	448	644	-194
Value of Output Excluded	1747	797	950	1099	644	455
No Decay of Benefits	2193	748	1445	1143	497	646
Annual Decay of Benefits = 22%	1838	629	1209	968	447	521
No Extrapolation of Benefits	599	216	383	352	266	88
Discount Rate = 10%	1837	746	1091	1033	612	421
Discount Rate = 0	2079	852	1223	1167	679	486
Time Horizon = 8 Years	2424	1023	1401	1587	1032	555
Benchmark Estimate for AFDC-U Applicants[a]	-$29	-$1443	$1414	$43	-$1196	$1239
Alternative Assumptions for AFDC-U Applicants						
Benefits Regression-Adjusted	-$224	-$1366	$1142	$446	-$648	$1094
Displacement = 50%	-83	-1443	1360	-129	-1196	1067
Value of Output Excluded	-383	-1443	1060	38	-1196	1234
No Decay of Benefits	-117	-1829	1713	196	-1378	1572
Annual Decay of Benefits = 22%	-60	-1543	1483	114	-1197	1311
No Extrapolation of Benefits	135	-553	688	-175	-564	389
Discount Rate = 10%	-13	-1367	1354	24	-1143	1167
Discount Rate = 0	-44	-1526	1482	63	-1255	1318
Time Horizon = 8 Years	-56	-1707	1651	88	-1460	1548

SOURCE: MDRC calculations from Unemployment Insurance records; AFDC data; applicant survey; worksite survey; EPP Information System enrollment data; EPP, EWEP, WIN, and JTPA program cost records; and published data on welfare costs, tax rates, and employee fringe benefits. See text for descriptions of these sources.

NOTES: [a] The "benchmark" estimates are those presented in Tables 5.8 and 5.9. In making these estimates, unadjusted experimental-control differences in outcomes were used to compute all benefits; it was assumed that there was no displacement caused by the programs; and assumptions regarding impact decay, the discount rate and the time horizon for extrapolation were used to compute post-observation benefits (these assumptions are described in Section 8.5 of the text).

experimental, but do not substantially change the qualitative conclusions that have already been reached. For the AFDC assistance group, the changes make the Job Search/EWEP program appear somewhat more effective (except from the taxpayer perspective) and Job Search only somewhat less effective. For the AFDC-U's, the changes have the opposite effect: the value of Job Search/EWEP is reduced and the value of Job Search is increased (except from the taxpayer perspective).

Displacement. One important assumption used in the analysis is that the increased employment of experimentals does not result in the displacement of other workers. To the extent workers are displaced and do not gain employment elsewhere, society loses the output they would have produced. The second sensitivity test in Table F.1 assumes that such displacement does occur and that the value of the lost output is half of the net output generated by the programs. Although this alternative assumption is extreme, even it does not change the conclusions except in two cases. The taxpayer group -- which includes the displaced workers -- loses income; the loss is large enough for AFDC applicants assigned to Job Search to change the value of the program to taxpayers from positive to negative. Applicants are not affected. The social net present value of the program drops somewhat because the loss to taxpayers is not offset by any gain to applicants. In the case of the AFDC-U applicants assigned to Job Search, the loss is large enough to change the social net present value from positive to negative.

Another way of assessing the sensitivity of the results to the displacement assumption is to calculate the amount of displacement that would be needed to change any of the benefit-cost conclusions. For the

AFDC group assigned to Job Search, displacement of about 20 percent would do this, while 40 percent would be necessary to change the conclusion for AFDC-U applicants in Job Search. More than 70 percent displacement would be required to change the social net present value of Job Search for AFDC applicants, and the social and taxpayer values of Job Search/EWEP for the same group. None of the other conclusions change regardless of the assumption made.

Value of EWEP Output. The second assumption is that the social demand for EWEP services is equal to the supply price of the alternative labor that would be needed to produce the same services. However, this assumption may well not be true. Indeed, it is likely that the demand value of the services is at least slightly below the supply price.[1] Thus, the third sensitivity test in Table F.1 assumes that the value of these services is zero, obviously an extreme assumption. This alternative assumption reduces the value of the Job Search/EWEP sequence to taxpayers and society, but again the conclusions remain the same.

Extrapolation. The extrapolation of observed benefits into the future, which involved assumptions regarding four different extrapolation components, was clearly important to the overall results. One of these assumptions was that the last two quarters of observation constitute the best base period for extrapolation. Because these data are based on the full sample of experimentals and controls and represent the most recent evidence that is available for the programs, they probably are the best data available -- particularly since using only the last quarter for the base might introduce seasonality issues. The assumptions regarding the decay rate, discount rate, and time horizon are all subject to greater uncertainty.

The assumption regarding the decay rate was that the same base impacts would decay at the same rates observed for earnings and welfare receipt between quarter 2 or quarter 3 and the end of observation. Sensitivity tests of three alternative assumptions are presented in Table F.1. The assumption of zero decay raises the estimates of benefits and therefore increases the estimates of social net present value for all groups except AFDC-U applicants in Job Search/EWEP; in that case, since the base-period earnings estimate was negative, extrapolating it without decay makes the negative overall social value even more substantial. An assumption of a constant annual decay rate of 22 percent for all benefit components -- which is consistent with previous research on the impacts of the WIN program[2] -- increases or reduces the net present value estimates depending on the group and the perspective. The largest change, however, is a less than $200 reduction in the net value of Job Search to AFDC applicants. Finally, no extrapolation of benefits -- which is equivalent to applying an infinite decay rate -- reduces all net value estimates for the AFDC group, in some cases substantially. Not extrapolating the negative earnings found for the AFDC-U's assigned to Job Search/EWEP makes the social value positive for that group.

A discount rate of 5 percent was used to calculate the benchmark results. The sensitivity tests reported in Table F.1 uses alternative rates of zero and 10 percent. These two alternative assumptions change the overall results relatively little.

In some cases, the dollar estimates proved to be sensitive to the choice of a time horizon. A horizon of 5 years -- the average time a family remains on AFDC -- was used for the benchmark estimates. A shorter horizon reduces the net present value estimates noticeably except for the applicant and social perspectives for the AFDC-U group. Not extrapolating benefits -- in effect reducing the horizon to the length of observation -- reduces the estimates by well over 50 percent except for these AFDC-U cases. Conversely, extending the horizon to eight years -- which approximately doubles the length of the extrapolation period -- increases all AFDC estimates as well as the AFDC-U estimates from the taxpayer perspective. However, the overall conclusions of the benefit-cost evaluation do not change.

FOOTNOTES

CHAPTER 1

1. In this report, AFDC (called AFDC-FG in California) refers to welfare cases headed by a single parent; AFDC-U (called AFDC-UP in California) refers to two-parent households where the principal earner is unemployed. All principal earners must have had some connection to the labor force during the 12 months prior to welfare application. The majority of AFDC-U cases are headed by married men while the heads of AFDC cases are mostly women. When the term "welfare" is used in this report, it refers to both the AFDC and AFDC-U programs.

2. EPP was authorized under California Senate Bill 1476 (Chapter 918, Statutes of 1980); EWEP was authorized under California Assembly Bill 2X (Chapter 3, Statutes of 1982). The new demonstration project, called the Private Sector Alternative to Welfare Dependency, was approved under Section 1115(a) of the Social Security Act. EWEP was established as a no-waiver Section 1115(a) project by the California Department of Social Services on behalf of the County of San Diego.

3. MDRC also evaluated one part of the EPP Job Search program in San Mateo, where applicants and recipients were referred to a group job search workshop similar to that run in San Diego. The demonstration primarily tested the effectiveness of adding a job search reporting requirement after program completion. Its intended purpose was to sustain and improve the search skills generated by the job search workshop and to continue staff involvement with registrants. Cooperation with EPP staff was a condition of continued welfare receipt. Findings on the San Mateo program are presented in a separate document, Price et al., 1985.

4. Goldman et al., 1985. The first report published in February 1984 focused on early operational lessons (Goldman et al., 1984).

5. Much of the material on the historical development of the EPP and EWEP programs is drawn from a case study prepared by a consultant, Harvey Shapiro, for MDRC.

6. A key element in the bill was to shift responsibility for employable reeipients from DSS to EDD, whereby EDD would issue the welfare checks. The intent was to form a closer tie between welfare and work by having the department in charge of employment issue the grant check. Because of EDD's concern about the feasibility of this, EDD takeover of grant payments to employables was put off until a second phase. Also, to begin with, pilot projects were to be implemented in two counties, although a third was added later.

7. These figures are calculated from tables published in Public Welfare in California. See California State Health and Welfare Agency, Department of Social Services, 1984.

8. MDRC's Demonstration of State Work/Welfare Initiatives is examining the implementation, impact and cost-effectiveness of major employment programs for the welfare population begun by a number of states in response to OBRA. In addition to San Diego, studies are underway in Arkansas, Illinois, Maine, Maryland, New Jersey, Virginia, and West Virginia. Process or implementation studies only are being conducted in Arizona, Florida and Texas.

9. Random assignment actually began in August 1982 prior to the finalization of the program guidelines and research design. However, the first two months of the research were considered to be a pilot phase, and enrollees during this period were excluded from further analysis. While the research sample used in this report was selected over an 11-month period, it is referred to as a yearlong process.

10. More applicants were randomly assigned to the Job Search/EWEP experimental group than to the control and Job Search only groups in order to ensure a sufficient number to evaluate the impact of EWEP.

CHAPTER 2

1. The efficiency of the estimates is a measure of the variance, or statistical uncertainty, surrounding the estimates. The use of more efficient estimators makes it less likely that true program effects will go undetected. Using ordinary least squares to estimate experimental-control differences, the regression model was run separately for the AFDC and AFDC-U samples. Regressions for early and late application periods and for the subgroups used interactive dummy variables. Since data for quarters 7 and 8 were available only for the early sample, impacts for these quarters and cumulatively through quarter 8 were calculated for this early sample without using interactive variables.

2. Two-tailed t-tests were used in making comparisons because researchers had no prior assumptions about the way in which experimentals might differ from controls or other experimentals.

3. AFDC-U clients were automatically considered WIN-mandatory. AFDC clients were judged WIN-mandatory unless exempted according to the criteria described in the WIN Handbook:

    1. under 16 years old
    2. enrolled full-time in school and under 21 years
    3. sick, as determined by the Income Maintenance unit

    4. incapacitated, as determined by the Income Maintenance unit
    5. 65 years old or more
    6. living in a remote area: located two hours or more away from a WIN office
    7. a caretaker of a sick person
    8. a mother of a child under six years of age
    9. a mother or female whose spouse is a WIN registrant

4. Once individuals were assigned to a research status, they remained in that group even if they were deregistered from WIN or EPP and re-applied for welfare at a later point.

5. The State of California cleaned up the EPPIS file so that people with more than one Social Security number were counted correctly as one case. This accounts for the research sample size difference of seven individuals (7,004 to 6,997) between the second report -- Goldman et al., 1985 -- and the current study.

6. This group includes unemployed parents who do not meet federal eligibility requirements for the AFDC-U program -- primarily the requirement relating to length of unemployment -- but who are eligible for state aid payments for three months.

7. During the early months of this demonstration, these mandatory AFDC applicants were randomly assigned; however, in January 1983, guidelines were changed to exclude this group from random assignment. Program operators believed there should be more flexibility in serving mothers whose cases included children under six years of age.

8. In San Diego, refugees are referred to a central office for registration in order to receive special services designed to meet their needs.

9. During the early months, applicants were randomly assigned to only three of the four research groups: Job Search/EWEP experimentals, extra experimentals, and controls. Based on the decision to analyze EPP Job Search activities separately from EWEP, the Job Search only experimental group was added beginning in October of 1982.

10. For example, a 1977 study of the welfare population indicated that 24 percent of the mothers and 17 percent of the fathers were at least high school graduates, while 31 percent of mothers and 47 percent of the fathers had held some employment during the two years prior to the study. U.S. Department of Health and Human Services, 1980.

11. This payment schedule was in effect from July 1, 1984 through June 30, 1985. From July 1, 1983 through June 30, 1984, the maximum benefit for a family of three in California was $526. Prior to

July 1, 1983, this same benefit level was $506.

12. These figures for state payments are reported in U.S Department of Health and Human Services, 1985, pp. 337-8.

13. For a more detailed description of how grants are calculated, see Chapter 3 of Goldman et al., "Relationships between Earnings and Welfare Benefits," 1985.

14. Ibid.

15. In July 1984, rules for sanctioning AFDC-U's while in the EWEP component were changed. The federal welfare grant would still be closed for the sanctioned recipient of AFDC-U, but the State of California would use state funds to continue to give aid to the family, excluding the needs of the person sanctioned -- in a manner similar to the federal AFDC rules. According to the County, the AFDC monthly administrative records that are used in this report include grants that draw from both federal and state monies. Since the change in rules for sanctioning AFDC-U's was not implemented until the fall of 1984, it affected only the last few months of follow-up for the sample. Thus, sanctioning AFDC-U's in the EWEP component after September 1984 would not result in as large a grant reduction as during the earlier period. However, the change affected only a small number of people since by this time few were still in the EWEP component.

16. See Footnote 7.

17. The samples used in the impact and benefit-cost analyses differ in size due to decisions about when to exclude cases that were missing data; 11 percent of the members of the research sample were eliminated from the impact analysis, and fewer, 6 percent, were excluded from this benefit-cost study. Since the benefit-cost study does not adjust data using regression analysis, sample members were not excluded from this study if demographic baseline data were missing. In contrast, cases were excluded from the impact analysis if information was not available on key demographic measures, such as age, ethnicity, marital status, history of welfare receipt, prior employment, number of children, and education; on this basis, 57 from the AFDC category and 46 from the AFDC-U category were excluded. If a case was missing information on more than three months of welfare payments, it was excluded from the benefit-cost analysis; this criterion eliminated 204 cases in the AFDC category and 222 in the AFDC-U group. If missing data on at least one month of welfare payments, cases were excluded from the analysis of impacts on welfare and UI benefit receipt, employment, and earnings; on this basis, 336 cases from the AFDC group and 362 from the AFDC-U category were eliminated.

For both the impact and benefit-cost analyses, cases were eliminated if data were missing on basic characteristics such as assistance category, research group and month of random assignment. In addition, if a case was missing a Social Security number it could not be matched to the UI records and thus was eliminated.

18. In addition to the UI earnings records, two other data sources are available for measuring employment and earnings of sample members, but both have limitations. First, employment data were collected by WIN or EPP staff and entered into EPPIS, but there is reason to believe that the accuracy of this data source differs for experimentals and controls. Since workshop leaders had the opportunity to observe the job search activities of program participants, the employment of these participants was much more likely to be reported in these records than that of regular WIN registrants who are the control group members. Furthermore, EPPIS program records do not reflect employment behavior prior to registration and subsequent to WIN or EPP deregistration, and there may be differential biases between registration and deregistraton rates of experimentals and controls. Consequently, EPPIS program employment data will be used only to measure placement activity, but not as a measure of employment impacts. A second source is the six-month applicant survey which captures information on the first job held within a six-month follow-up period only for those individuals who applied for welfare between January and June 1983.

19. Generally, it appears that EPPIS provides an acceptable measure of the extent to which individuals were involved in program activities, but there was a lag between the occurrence of an activity and its being recorded in EPPIS. Further, there were problems with the accuracy of dates.

20. In the second year report, the UI benefit impacts were calculated using the six-month applicant survey. (See Goldman et al., 1985, pp. 137-148.) In this report, universal data on the full sample were available. The percentage of individuals receiving UI benefits in the sixth month was fairly similar between the two data sources for each research group, although these percentages were consistently higher using the UI benefit records. For example, for the AFDC's, the percentage receiving UI benefits according to the UI benefit files ranged from 9.8 to 11.7 percent while the survey accounted for between 4.7 and 9.2 percent.

21. EPPIS is another source of information on referrals to EWEP. This source relies on EPP staff to complete a form that indicates an individual has been referred to EWEP. However, since EPP staff had little involvement with EWEP, the forms may not always have been submitted on a timely basis, and referrals in EPPIS may thus be understated to a greater extent than in the logs. Hence, EWEP logs are used as the main source of information on EWEP referrals and participation throughout this report.

22. For example, the response rate for the long-term female welfare recipient sample in the National Supported Work Demonstration was 80 percent for the 27-month interview. (See Hollister et al., 1984.) The response rate for female WIN registrants in the Louisville WIN Laboratory project was 87 percent for a six-month interview, and for a sample of female teen parents in Project Redirection, the response rate was around 85 percent for a 24-month survey.

23. For the first report, quarterly earnings data from EPPIS for 49 sample members with Social Security numbers were verified using a direct inquiry procedure to the UI system. The verification indicated that there was minimal discrepancy between this manual check and the EPPIS data and hence, no evidence of incorrect matching. Discrepancies, primarily due to late reporting of earnings by employers and corrections initiated by UI Benefits Claims staff, occurred in only two cases, and only for the most recent quarter.

24. At least one month of data were missing for 9.3 percent of the AFDC sample and 10.6 percent of the AFDC-U sample throughout the follow-up period. The County of San Diego had considerable difficulty matching its AFDC payment and case status records to the identifiers for the sample members.

To assess the quality of welfare data in EPPIS, a comparison was made between a sample of 188 cases in the EPPIS system with information obtained from the microfiche of the original payments records from the San Diego Department of Social Services. For almost all persons with recorded welfare payments, the match between the microfiche and EPPIS was exact. However, for those missing welfare records in EPPIS, the microfiche often indicated payments were made. Of the 55 cases with missing welfare records, the microfiche showed some payments for 45 percent and no payments for the remainder. When the EPPIS record indicated that information on AFDC payments was missing for a specific month, a value of zero was entered if the record showed denial of welfare or deregistration due to sanctioning around that time period.

25. Employment and earnings impacts for the complete October 1982 through August 1983 sample were recomputed, incorporating the individuals with missing welfare grant payments data. On the whole, differences between these and the main results of Tables 3.2 and 4.2 were minor. The supplementary impact estimates were somewhat lower although the significance levels remained the same for the eight cumulative impact estimates. Only one impact estimate changed from positive to negative. The largest difference in impacts was for AFDC-U earnings gains in both experimental groups, but none of these impacts was significantly different from zero.

The reader should not automatically infer that welfare impacts would also change by only a small amount if valid welfare records were to become available for the missing data points. However, given the low overall rate of missing data, and the fact that these data were distributed evenly across research groups, the actual amount of these missing payments would have to differ substantially across research groups to reverse the main conclusions of this report.

CHAPTER 3

1. For the impact analysis, data were available for only 3,231 of the 3,591 sample members because 10 percent lacked welfare and, to a lesser extent, CIS demographic data.

2. Since random assignment occurred at the point of application to study the upfront job placement effort, the experimental groups contained individuals who both did and did not register with EPP as well as those who did and did not participate in program activities. This was the case because measured characteristics of participants could be identified only after the program began. Given the research design, if impacts on participants alone had been studied, it would have been necessary to single out, within the control group, a similar subgroup of individuals who would have participated if the program had been available to them. This is virtually impossible, since so many unmeasured characteristics, such as motivation and situational circumstances, are usually related to the fact of participation. Thus, the research design combined the groups in the experimental sample.

3. Table C.2 uses a base of all research sample members who registered with EPP or WIN at some point during the nine-month follow-up period. This appears justified since registration rates for the three research groups were quite similar except for the AFDC-U controls, as indicated in Table 4.1. Further, among those applicants who never registered, 13.2 percent were receiving welfare in the ninth month.

4. See Chapter 4 of the second report for a complete discussion of the findings from the case file study.

5. Unemployment Insurance (UI) records report earnings by calendar quarter (January-March, April-June, etc.). Thus, depending on when in the calendar quarter an individual applied for welfare, the quarter of welfare application reflected zero to two months of post-application follow-up. Thus, the quarter of application is not a true follow-up quarter for earnings. Because time lags occurred between random assignment (i.e., welfare application) and the next activity (usually program registration but sometimes employment), the calendar quarter in which random assignment took place probably reflected little applicant activity and mostly

earnings reported through the UI system from jobs held before applicants applied for AFDC. As a result, the quarter following the one of application (quarter 2) is considered the first quarter of follow-up for impacts on employment and earnings, and reflects behavior during the three-to-five-month period after welfare application.

6. There is not necessarily a one-for-one relationship between percent employed and earnings reported in a given quarter, since an individual is counted as employed if the earnings are one dollar or several hundred dollars. The level of quarterly earnings is affected by several factors: at which point in the quarter an individual becomes employed (and, hence, the total number of weeks worked in a given quarter), the hours worked per week and the average hourly wage rate. A low level of earnings, for instance, can reflect many situations: a large number of individuals who find jobs toward the end of the quarter; part-time jobs; jobs with low hourly pay; or a combination of all these factors. Since UI earnings records data mask the extent of the work effort and types of jobs held, percent employed is a more useful outcome measure than the level of earnings.

7. As discussed in the second report, job search in San Diego did not seem to affect the types of jobs obtained by experimentals, which were similar to those of controls at least during the six months after welfare application, according to the applicant survey. The average hourly wage rate for all AFDC-U's with jobs was approximately $6.50, considerably higher than the $4.50 recorded for employed AFDC's. AFDC's also worked slightly fewer hours each week (about 33) compared to the almost 40 hours of employed AFDC-U's. Most of the AFDC group had jobs in service industries and retail trades, while the AFDC-U's worked in manufacturing and construction industries.

   The workshops also did not appear to affect job retention: 61 percent of the employed AFDC controls as compared to 52 percent of the Job Search/EWEP and 59 percent of the Job Search experimentals were still working at their first jobs at the end of the six-month follow-up period of the applicant survey. The job retention rates were similar across research groups for the AFDC-U's.

8. The impact design measured outcomes beginning at the time an individual submitted an application for welfare. While program impacts on the initial decision to apply for welfare cannot be determined, the possibility of deterrence due to individuals withdrawing their applications, as well as denial of grant applications and discontinuance of welfare grants, can be examined.

9. During the study period, California deducted mandatory payroll taxes from the gross earned income of AFDC applicants and recipients before applying the deductions for work expenses,

child-care costs, and the $30 plus 1/3 disregard. This practice conflicted with the rules established by U.S. Department of Health and Human Services following OBRA. California continued to apply the standard deduction, however, under the order of a Federal Appellate Court and until the passage of the Deficit Reduction Act of 1984 (DEFRA).

10. MDRC conducted a special study of the relationship between earnings and welfare benefits for working recipients for the Congressional Research Service. This case study was done in four areas including San Diego, using as a basis the impact samples from MDRC's Work/Welfare Demonstration. For a detailed discussion of the methodology and findings see Goldman et al., "Relationship Between Earnings and Welfare Benefits," 1985.

11. The MDRC study described in Footnote 10 found that approximately 14 percent of the San Diego research sample recorded both welfare payments and earnings within the same month. This compares to only 9 percent of the study sample in Virginia, 8 percent of the study sample in Maryland and about 2 percent of the study sample in West Virginia.

12. See the second report, Goldman et al., 1985, pp. 92-93.

13. For discussion of the EWEP referral and activity process, see the second report, Goldman et al., 1985 pp. 62 through 69.

14. Calculations of the EWEP add-on impacts for those completing the workshops without a job and those who did not, involved segmenting the two experimental groups -- Job Search and Job Search/EWEP by workshop completion status -- and comparing outcomes for each subgroup. This approach seemed reasonable since there was strong evidence that for both program models, the job search workshops were similar. As indicated in Appendix Table C.4, average days attended and completion status were similar for both experimental groups. Further, the demographic characteristics of completers in both experimental groups were similar (as indicated in Appendix Tables C.5 and C.6).

15. During the later application period, there also appeared to be some EWEP effect on earnings for noncompleters, but the effect on completers, particularly for employment outcomes, was greater. See Appendix Table C.8.

16. MDRC Board of Directors, 1980.

17. The two applicant groups also differed demographically in one way because of a change in program guidelines. Prior to January 1983, women with children under the age of six (formerly WIN volunteers) who were out of the home for more than brief and infrequent periods were mandated to register with the program -- either the experiment-

al or WIN programs -- and therefore were randomly assigned and included in the impact analysis. After January 1983, these individuals were no longer randomly assigned or included in the sample.

18. Receipt of two or more sources of income in any one quarter does not necessarily mean that these income streams were being received simultaneously.

19. See the second report, Goldman et al., Chapter 5, Section H and Hoerz et al., 1985.

20. In Chapter 4 which examines the AFDC-U's, the extent of prior UI benefit receipt is also analyzed as a separate subgroup. In the AFDC category, however, accurate impact estimates could not be calculated for this subgroup since there were so few indivdiuals who had received UI benefits in the six months prior to application.

21. See, for example, the results of the Louisville WIN laboratory demonstration of Job Search in Wolfhagen, 1983; Hollister et al., 1984, on the Supported Work Program for the longer-term female recipients; and Brown et al., February 1983, on the Employment Opportunity Pilot Project.

22. Bane and Ellwood, 1983.

CHAPTER 4

1. See Footnote 7 in Chapter 3 for a discussion of the types of jobs held by the two assistance categories.

2. As noted previously, in July 1984 rules for sanctioning AFDC-U's in EWEP changed. See Footnote 15 in Chapter 2. Essentially, while the federal AFDC grant is still closed for a sanctioned AFDC-U, state aid funds continue to assist the family except for the person sanctioned -- similar to the AFDC rules. Since the administrative records used as a source of data for this evaluation contain grants that include both federal and state monies, this new ruling could cause lower grant reductions for the AFDC-U's in EWEP during the last few quarters of follow-up. However, the new rule was not implemented until after September of that year, and because few were left in the FWEP component by that time, the change should not affect the welfare level of many sample members.

3. It is of interest that there did not seem to be any changes in program performance between application periods. As with the AFDC's, participation and other activity levels were similar in both application periods, although for the later Job Search/EWEP group, participation in any activity -- EWEP included -- was slight-

ly lower. One other notable but not statistically significant difference was the higher sanctioning rates for the later Job Search only applicants. (See Appendix Tables D.1 and D.2)

4. See the second report, Goldman et al., 1985, pp. 137-145.

5. The impact estimates for the subgroup of those on welfare for more than two years are less precise than those for the other subgroups since only 170 AFDC-U applicants in the three research groups had received welfare for that length of time.

6. Categorization of AFDC-U's by recent work history is directly related to AFDC-U eligibility. Individuals in two-parent households are eligible for welfare if they show attachment to the labor force during the year prior to application. Attachment is defined as having had six or more quarters of work within any 13-calendar quarter period ending within one year prior to the application for AFDC-U or having received UI benefits within the year prior to application or having been eligible for UI benefits in the year prior to application. Thus, AFDC-U's may not actually have worked during the year prior to application but had to have had some recent employment history.

CHAPTER 5

1. Two of these benefit-cost evaluations are especially noteworthy because they are of programs that served AFDC recipients. See the evaluation of the National Supported Work Demonstration by Kemper et al., 1981; and the evaluation of the Employment Opportunity Pilot Project by Long et al., 1983.

2. Long and Knox, 1985.

3. However, program participants are also taxpayers and -- as discussed in the "Tax Payments" section of this chapter -- one of the effects of EPP Job Search and EWEP is to increase the amount of taxes they pay.

4. The experimental-control differences in means were not regression adjusted.

5. However, social demand is reflected by cost estimates only if the estimated market costs reflect both the marginal costs and marginal benefits of the resources. This need not be the case, however, because of market imperfections, the inability of government to accurately interpret social demand for public goods, and other factors. See Kemper and Long, 1981.

6. These estimates were made using data from the Job Search and EWEP attendance logs and EPPIS. They include inactive time between

application for welfare and the beginning of program participation.

7. Supervisors were asked to estimate the number of hours it would take regular workers to do the same work done by participants during the hours they were assigned to work at the agency. The ratio of estimated regular workers' hours to participant assignment hours (for the worksite survey sample) was then multiplied by the EWEP assignment hours for those who participated in EWEP (for all experimentals). The assignment hours estimates for EWEP participants were made using data from the EWEP logs maintained by the County of San Diego.

8. Specifically, average EWEP assignment hours were calculated only for those months in which participants worked at least one hour. This estimate differs from the one used in the interim benefit-cost analysis, which included a certain amount of assignment time when participants were not working (for any of several different reasons) and thus overstated slightly the value of EWEP output.

9. This estimation methodology is described in more detail by Long and Knox, 1985.

10. See Chapter 5, Goldman et al., 1984.

11. Ibid.

12. This is a standard economic assumption made in analyses of this kind. The assumption implies that employers will not pay compensation in excess of the dollar value of an employee's contribution to output. This allows an estimate of the value of the net increase in output due to EPP/EWEP based on observed earnings differences. However, experimentals and controls may obtain jobs in noncompetitive labor markets, notably in the public sector, which may result in some amount of error in the benefit estimates.

13. Using microsimulation techniques, Smeedling estimated the value of fringe benefits as 17.9 percent of wages and salaries for workers earning less than $10,000 in 1979. See Smeedling, 1981.

14. However, in producing this output, EWEP participants bear out-of-pocket costs that are treated separately in this analysis. These costs are discussed later in this chapter.

15. Most agency supervisors and managers interviewed as part of the worksite survey indicated that the work performed by the EWEP participants was important to the day-to-day activities of their agencies. Indeed, a substantial number indicated that the work had been regularly done until recent budget cuts had forced agencies to make staff reductions. For a detailed discussion of the relationship between supply-price estimates and the demand for output such as EWEP produces, see Kemper and Long, 1981. Given the framework

laid out by Kemper and Long and the results of the worksite survey, it is likely that the average demand price for the output is below the estimated supply price, but not necessarily greatly below it. See Long and Knox, 1985, for additional details.

16. Using data from the worksite survey, it was estimated that 3 percent of the work done by EWEP participants would have been performed by employees who would have been hired in the absence of the EWEP program. However, this estimate is not statistically different from zero, and it is evidence only of short-term displacement. Longer-term displacement is a very complicated issue and reliable estimates of it are almost impossible to make. See Long and Knox, 1985, for additional discussion.

17. Tax liability was imputed on the basis of tax rates and regulations summarized in The U.S. Master Tax Guides, 1983 and the State Tax Guide, as well as average consumption data for low-income households from the U.S. Bureau of the Census.

18. Differences were computed using UI benefits data on the entire research sample through March 1985. The short-term differences estimated for the second report were made using UI records for a subsample of experimentals and controls who reported receiving UI payments in the applicant survey (See Long and Knox, 1985).

19. Survey differences were multiplied by six to estimate overall differences during the observation period; see Long and Knox, 1985, for discussion of the estimation procedure. The differences were assumed to apply to only the early applicants covered by the survey; the differences were not extrapolated.

20. The estimation procedure mirrors the Food Stamps benefit calculation rules that apply for eligible households. First, countable income was estimated as the sum of earnings, welfare, and UI, minus the earnings disregard (18 percent of earnings) and medical and child-care deductions (estimated using MediCal and child-care cost data). Second, the benefits for which households are eligible were calculated as the maximum payment level minus the "expected food contribution," which was computed based on the countable income. The short-term estimates presented in the benefit-cost analysis in the second report were made on the basis of applicant survey data (see Long and Knox, 1985), not this procedure.

21. MediCal payment and enrollment data covering fiscal year 1983 were obtained from the MediCal Status Report (June 1983) and Services and Expenditures Monthly Payment Report (Report MDP-024), both produced by the California State Health and Welfare Agency, Center for Health Statistics.

22. The UI estimates reported here are lower than those presented in the second report for three potential reasons. First, the estima-

tion procedures are different (see Footnote 18 above). Second, the subsample used to estimate UI differences in the second report excluded persons who applied for welfare before January and after June 1983 (who were not in the applicant survey sample); those late applicants on average showed reductions in UI payments compared to the increases for earlier applicants. Finally, the data used for the second report extended only through December 1983, while the data used this time extend through March 1985.

23. Administrative cost data were obtained from the Workload and Cost Comparison Report (June 1983), produced by Financial Management Services, California State Health and Welfare Agency; the MediCal Status Report (1983); and the Budget of the U.S. Government Appendix: Fiscal Year 1983.

24. The participation was not intended. However, a few controls managed to find their way into this program, which was run by the same staff who operated EWEP. The program was essentially identical to EWEP except that participants worked fewer hours per month.

25. Attendance data on ESP enrollees were obtained from the County of San Diego, and enrollees were matched to members of the experimental and control samples in order to estimate experimental-control ESP enrollment differences.

26. Regional Employment and Training Consortium (RETC) cost and enrollment data covering fiscal year 1983 were provided to MDRC. These indicated that the average cost of training was $918 per participant. The cost of the Food Stamps Workfare program was estimated using time-study data on the staff hours devoted to the program (the time study is described in the "Program Operating Costs" section of this chapter), which were valued according to pertinent salary rates and then marked up for fringe benefits, nonpersonnel expenses, and overhead; the cost per participant was then calculated using participation data supplied by the County Department of Social Services. For details, see Long and Knox, 1985.

27. The present discounted value of extrapolated future benefits was estimated by multiplying the base period estimate by a single extrapolation factor that takes into account the other three elements -- the time horizon, decay rate, and discount rate. For a specification and discussion of the factor, see Kemper, et al., 1981.

28. This estimate was made by Mary Jo Bane and David Ellwood using longitudinal data on AFDC families; see Bane and Ellwood, 1983.

29. Decay rates were computed as the percent reductions in experimental-control differences from the first quarter after program participation (which was the second quarter for the Job Search program and the third quarter for Job Search/EWEP) to the last

quarter of available data. Positive quarterly earnings decay rates of between 2 and 39 percent were computed for all groups except early AFDC-U applicants (October 1982-March 1983) assigned to Job Search/EWEP and late AFDC applicants (April-August 1983) assigned to both programs; the negative decay rates that were computed in these cases were treated as zero decay for the purposes of extrapolation. Quarterly welfare decay rates were positive in all cases, and ranged from 5 to 22 percent.

30. The choice of a discount rate has been a source of continuing debate both in government and in the economics literature; see, for example, Hanke and Anwyll, 1980. While there is no "correct" rate, 5 percent is within the range of rates usually used in benefit-cost analyses.

31. The exceptions are the earnings and fringe benefits estimates for applicants assigned to Job Search; the adjusted estimates for the entire observation period were $200 per experimental lower for the AFDC assistance group and $331 higher for the AFDC-Us. All other differences between unadjusted and adjusted estimates for earnings and fringe benefits and for AFDC payments were less than $150 per experimental.

32. All DSS and EDD staff who worked in EPP and/or EWEP in the local offices completed time sheets during this two-week period. Copies of the time sheets and the instructions used, as well as descriptions of procedures and results, are provided in Long and Knox, 1985.

33. The random assignment process is entirely due to the research. Eighty percent of the line staff time spent on EPPIS was considered research-related because, in the absence of EPP/EWEP, management reporting (similar to EPPIS) would have been done only for a 20 percent sample of clients. Part of other program reporting (but none of the record updating done by social workers) was judged to be research-related. Twenty percent of both local and state administration was estimated to be research-related based on interviews with administrative staff.

34. EPP operations reached an "ongoing" status by the end of September, but EWEP operations started up and developed gradually during the quarter. Because recorded EWEP enrollment days during the first quarter were 80 percent below their level in the subsequent two quarters, although costs were the same, 80 percent of the first quarter EWEP expenditures were judged to be "start-up costs."

35. These data were obtained from Table 3.2, "WIN Registrant Status," in statewide WIN ESARS reports covering the five quarters over which cost data have been collected (October 1982 - December 1983).

36. The EWEP attendance log data extend only through February 1984.

Thus, EWEP enrollment day differences were adjusted to cover the period of March-September 1984 using EPPIS data.

37. For the purposes of EWEP cost estimation, all assignment days between referral and work-assignment completion were taken into account. However, in computing the value of the output from EWEP, only assignment days for months in which participants actually worked were used.

38. The gross costs of operating EPP/EWEP were $736 per experimental for the AFDC Job Search/EWEP group, $668 for AFDC Job Search, $839 for AFDC-U Job Search/EWEP, and $695 for AFDC-U Job Search groups. Costs are averaged over those who participated and those who did not.

39. The Employment Development Department's Petty Cash System, an automated reporting system for recording enrollee allowances and expenses, was used for making these estimates. The estimates of allowances reported in the second report used Petty Cash data that were incomplete, necessitating adjustments. Complete data, however, were used in this analysis.

40. The gross costs of allowances and support services for the Job Search/EWEP group were $39 and $43 for the AFDC and AFDC-U categories, respectively. For the Job Search group, the gross costs were $35 and $37.

41. As noted in Footnote 6 of Chapter 4, individuals from two-parent households are eligible for AFDC-U if they worked for six or more quarters within any 13-quarter calendar period ending one year prior to application or if they received or were eligible for UI benefits within the year prior to application.

42. Some AFDC cases are not eligible for federal matching. As a result, the actual breakdown for AFDC payments during the period covered by this analysis was 49.9 percent federal, 44.8 percent state and 5.4 percent county; the breakdown for AFDC-U payments was 49.5, 45.1 and 5.4; and the breakdown for administrative costs was 49.7, 25.2 and 25.1.

APPENDIX F

1. For further discussion, see Long and Knox, 1985.

2. This annual decay rate in earnings for WIN clients was estimated by Ketron, Inc., 1982.

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